









Buchanan Will Leave White House Post in March

The Associated Press WASHINGTON — The White House communications director, Patrick J. Buchanan, a proponent of conservative policies, will leave his post March 1, the White House announced Monday.

AMERICAN TOPICS

Raising Funds Early For Wide-Open Race

Fund raising for the 1988 presidential races will be hectic for both Republicans and Democrats because, for the first time in generations, neither party has an obvious favorite and because the number of early primary elections has been increased.

Short Takes

President Ronald Reagan has 21 listings in the new edition of "The Pseudonyms and Nicknames Dictionary," which has 55,000 entries.

In 17 years as a fugitive, Silas Bisset, 44, developed a set of rules for himself, such as "wear a red hat if you don't want to be noticed."



IT'S A DOG'S LIFE — Aheu gets a lathering from his owner, Ron Sandler, at Jaxon's Dogmat in Los Angeles.

Hollywood, now more a symbol than a site of American moviemaking, observed its 100th anniversary this week with a cheerful ceremony featuring the veteran stars Bob Hope and James Stewart.

after the Chicago home of a family friend. Further observances are to be held throughout the year.

Don't Carry Me Back, But Do Carry Me Out

"Virginia's state song, 'Carry Me Back to Old Virginia,' is rarely heard anymore, and a good thing, too, since its minstrel-show lyrics rest on condescending racial stereotypes and quite properly offend," says The Washington Post.

Carry me back to old Virginia Cradle of liberty where freedom's light has shone

—ARTHUR HIGBEE

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Gates Is Expected to Rein in CIA on Covert Actions

By Robert C. Toth Los Angeles Times Service WASHINGTON — The Central Intelligence Agency is considered less likely to become involved in covert actions with the departure of William J. Casey as its chief but his successor, Robert M. Gates, is expected to find it difficult to rein in the CIA's major paramilitary supply operations to rebels in Nicaragua, Angola and Afghanistan.

Because of the Iran-contra affair, Mr. Reagan will probably be unwilling to risk any new adventures, such as the present covert supply efforts will be significantly curtailed because they have long been established.

Mr. Casey leaves behind a mixed legacy for Mr. Gates. Among his achievements, Mr. Casey won major increases in funds and manpower for all of the agencies that compose the intelligence community, which the CIA chief oversees as director of central intelligence.

Mr. Casey had served during World War II in the Office of Strategic Services, predecessor of the CIA. To many observers and associates, he appeared to have retained a fascination for the secrecy and adventure of clandestine service, and he always tried to follow its two main rules: "plausible deniability," in which the CIA's role in operations could be reasonably denied, and "put nothing on paper."

On the negative side, Professor Jeffrey Richardson of American University said, Mr. Casey bears the onus for the spate of foreign intelligence penetrations of the CIA that came to light during his term, even though some may have begun earlier, and for the defection of a Soviet KGB operative after he was in CIA hands.

Shultz Policy-Making Role May Be Fading

By David K. Shipler New York Times Service WASHINGTON — Secretary of State George P. Shultz's enigmatic role in the Iran affair, and his attempts to dissociate himself from the operation, have raised questions about how much influence he will have in shaping foreign policy during the last two years of the Reagan administration.

His lack of defensiveness and appearance of candor have made a favorable impression on many members of Congress, who have praised him during recent hearings. "You have been a steady hand in American foreign policy," he was told last week by Senator Jim Sasser, Democrat of Tennessee, "and have furnished us with a sense of continuity at a time when it was desperately needed."

But the Senate intelligence committee's report, issued last week, said that at the outset of the administration's contacts with Iran, Mr. Shultz made a decision to leave the matter in the hands of Mr. McFarlane, then national security adviser.

Mr. Shultz has said repeatedly that he was not fully informed about the arms deliveries and that when he saw fragmentary information on them, he was told by Mr. Casey and Vice Admiral John M. Pindexter, who succeeded Mr. McFarlane as national security adviser, that the operation had ended.

Pentagon Calls Arms Report Wrong

New York Times Service WASHINGTON — The Defense Department has asserted that a New York Times article about the private sale of arms to Iran amounted to "a dangerously wrong confusion."

The Times article said the illegal sales operation was allowed to continue because military officials hoped to gain information on Iran, and access to Soviet tanks that Iran had captured from Iraq.

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Special Counsel to Investigate Nofziger Lobbying

By Leslie Maitland Werner New York Times Service WASHINGTON — A U.S. appeals court panel has named a prominent Washington trial lawyer as independent counsel to investigate whether Lynn Nofziger violated a federal ethics law in his lobbying activities after serving as President Ronald Reagan's political director.

The Justice Department, which asked for the appointment of a special prosecutor, concluded that Mr. Nofziger might have violated the law by getting in touch with White House officials to help a Bronx military contractor.

Mr. McKay has practiced here for the last 30 years with Covington & Burling, the largest law firm in Washington.

Large advertisement for Danneemann cigars. Features the headline "IT'S THE LITTLE PLEASURES THAT MAKE LIFE WORTH LIVING." and includes an image of a Danneemann cigar pack.



# Duarte Opponents Seek to Prolong Salvador Turmoil

By Julia Preston  
Washington Post Service

**SAN SALVADOR** — "José Napoleón Duarte stands utterly alone," read the preamble to a position paper circulated here recently by leaders of the far-right Republican Nationalist Alliance.

"See Napoleón Duarte, all alone, all alone" went the refrain of an analysis broadcast at about the same time over Radio Venceremos, the official voice of the leftist Salvadoran guerrillas.

It was the first time in memory that the far right and the far left in El Salvador had agreed on something and also had articulated the views of a large cross section of Salvadorans.

A mounting political crisis in the country has marked the nadir in the popularity of the U.S.-backed Christian Democratic president, diplomats and politicians said.

Most observers predict that Mr. Duarte will survive politically to finish his term in 1990, and say the possibility of his removal by a coup is remote. But his opponents on both ends of the political spectrum

are seeking to prolong the turmoil to enhance their own appeal.

Since mid-January, the conservative opposition deputies in the 60-seat Legislative Assembly have adopted a tactic they call "parliamentary passivity." They attend legislative sessions but do not debate or vote.

The opposition's wrath was sparked by an electoral law approved in December by the 33-member Christian Democratic voting bloc, the majority group in the legislature. The law expands the powers of the president of the national elections commission, whose president is a Christian Democrat.

Wider public discontent was kindled by another bill passed by the Christian Democrats in December, levying new taxes to raise \$30 million for the armed forces' counterinsurgency war, now in its seventh year.

There were protests from many labor unions and leftist groups, but the loudest outcry came from business groups that are longtime enemies of Mr. Duarte. Urging the abolition of state controls on the

free market, they refused to pay new war taxes unless their companies earn more income.

A business strike called by the private sector Jan. 22 was unexpectedly successful, shutting down more than 80 percent of companies in cities nationwide.

Adding to the stillness, the rebels of the Farabundo Martí National Liberation Front had called for a nationwide halt in traffic. Guerrilla leaders said they were not supporting the businessmen's action, but picked that day because it was the anniversary of a 1932 uprising that led to the massacre of tens of thousands of peasants. Afterward they called it "our greatest show of strength for economic sabotage" in the guerrilla war.

But many Salvadorans said they stayed off the roads out of fear, not solidarity. On one day during a traffic halt ordered by the rebels, the guerrillas killed 11 civilian travelers.

Mr. Duarte's troubles stem from Salvadorans' frustration that he is seeking to make them pay more for war, when he came to office prom-

ising them peace. A third round of peace talks with the rebel coalition collapsed in September.

The president faces mounting economic difficulties with no prospect of improvement. According to U.S. Embassy figures, guerrillas have destroyed \$1.5 billion in infrastructure since 1980. More than 400,000 Salvadorans have fled their homes to other regions because of the fighting and tens of thousands more have left the country.

The government paid 42 percent of its foreign exchange earnings to debt service in 1986.

Plummeting prices for cotton and sugar exports have exacerbated a long hatred between Mr. Duarte and wealthy businessmen, who view him as a socialist.

In the tense days before the strike, several well-known far-right industrialists placed telephone calls and wrote letters to high-ranking military commanders, testing their interest in a coup, diplomats said.

"They got a bucket of cold water in the face," one well-placed diplomat said. U.S. officials passed the word that the Reagan administra-

tion would stop all military aid in the event of a coup.

Roberto d'Aubuisson, a rightist deputy who ran for president in 1984 against Mr. Duarte, called publicly for the president's resignation.

One radical rightist group demanded the return of ORDEN, a nationwide anti-Communist paramilitary network that has been accused of thousands of political killings in the 1970s.

Because of the assembly boycott, Mr. Duarte did not have the quorum of two-thirds of the lawmakers that was needed for a routine extension of the state of siege. Initiated seven years ago, the state of siege gave the police broad powers to hunt and detain suspected guerrillas. It lapsed Jan. 14.

But the unscheduled restoration of full liberties apparently had no effect. An anti-government human rights commission reported that six Salvadorans were arrested and held incommunicado from Jan. 14 to 26.

Most Salvadoran politicians, including many who despise Mr. Duarte, have set their sights on



José Napoleón Duarte

beating the Christian Democrats in the next legislative elections.

Hugo Carillo, a conservative assemblyman said, "We want Duarte to reach the finish line of his term, even if we have to carry him there on a Red Cross stretcher."

## Living Abroad

# Taking a 'Native Job': Change Can Be Jarring

By Sherry Buchanan  
International Herald Tribune

**LONDON** — After one year as the first foreigner to be administrative director of Le Cordon Bleu, the French cooking school in Paris, Gregory Usher is leaving his job.

"It was a satisfying but frustrating experience," Mr. Usher, an American food consultant, said of his time at Le Cordon Bleu.

Even though Mr. Usher has been living in France since 1970 and considers himself well adjusted, switching to a French work environment was more difficult than he had anticipated.

"There was a tremendous amount of bureaucracy and, although they hired me because they wanted change, they were then ambiguous about it," he said. "Even though I was expecting a different environment from the one which I had worked in previously, it still took me by surprise." Mr. Usher is about to open a cooking school for an international hotel in Paris.

Going native in the employment market, even for the well-initiated who have spent years in the foreign country and consider themselves well integrated, can be jarring.

In joining a foreign company, the outsider lacks the traditional networks that help him to adapt to the work environment. There can also be substantial differences in style and language.

Differences in salaries can also make the move less rewarding.

But, according to international compensation firms and management recruiters, salary differences in some industries are decreasing between countries. This is encouraging people to move around more freely, especially for the top-level jobs.

James Cole, an American advertising executive in Paris, has ultimately stuck with his career, despite a roller-coaster ride in the French advertising industry.

He started out working for an American company in Paris, then switched to a French one. There, he fell flat on his face, as he put it, because he did not speak French well enough.

He headed for Young & Rubicam, the Paris branch of the U.S. advertising firm. Then his advertising team was wiped out. Undaunted by his previous experiences, and after studying to improve his French, he joined a traditional French cosmetics and fashion group.

Now he is associate director at Alain Carré, the French industrial design company that has grown from a small start-up venture four years ago with a team of 8 to a company employing 85 people.

Going native can also mean a drop in salary, depending on salary levels at home and on the generosity of the expatriate package.

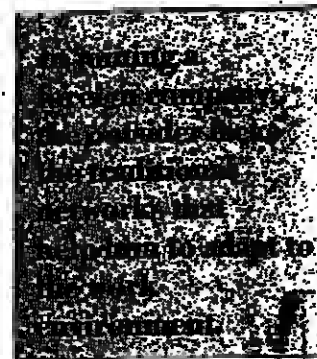
"Unless there is something extraordinarily special about the person, a German moving from a German subsidiary to a U.S. company would have to take a pay cut," said Richard Bevan, in charge of compensation at Towers, Perrin, Forster & Crosby in New York, the international firm that specializes in comparative compensation.

The firm estimates the average German salary for a middle manager to be 20 percent higher than the average U.S. middle management salary.

But, according to Towers, Perrin Forster & Crosby in London, switching from a U.S. subsidiary to a local company no longer necessarily means taking a salary cut.

"In the U.K., it used to be that U.S. subsidiaries paid up to 30 to 40 percent more than local companies," said John Carney, head of compensation practice at the Towers firm, which this month compared U.S. subsidiaries' salaries with French and British compensation levels. "That no longer applies."

"With the introduction of performance-related compensation



Gregory Usher

plans in both Britain and France, such as incentive bonuses and share option schemes, it has evened up," Mr. Carney said. "In the U.K., if the true value of share options is considered, then Britain is even moving ahead."

An international job market has begun to emerge recently in some sectors, especially banks and brokerage firms, and for certain jobs in the computer industry.

In that market, companies from countries that were wages are relatively low, such as Britain, France and Italy, are willing to pay higher wages to an expatriate from countries such as Switzerland, West Germany, Canada and the United States, where wages are higher.

Brian Long, after holding a job in London with Massey Ferguson, the Canadian tractor company, and one with the Canadian government, decided he wanted to stay in Europe.

He thought he would have an edge with a European company seeking someone with North American management experience.

He applied only to European companies and was hired as managing director of Acorn Computers, a British-based company.

Instead of having to take a cut in salary, he got the increase he sought.

## Takamatsu, Hirohito's Brother, Dies

By John Burgess  
Washington Post Service

**TOKYO** — Prince Takamatsu, 82, a younger brother of Emperor Hirohito who argued for moderation during World War II, died Tuesday in Tokyo of lung cancer.

As a naval officer, Takamatsu is widely believed to have counseled the emperor that things were going badly in the war in spite of claims of progress from the militarists.

The prince was fifth in line to the throne. His death further thins the ranks of the imperial family's older generation, which was educated under the notions of semidivinity and forced to renege on its sacred symbols of the state after 1945.

Like most Japanese dignitaries, Takamatsu revealed little of his personality to the public. But he is remembered for the occasional dash of humor and informality. On turning 70, he requested the free

transit pass that the city of Tokyo issues to senior citizens.

"Even before the war, he sometimes tried to slip away from his guards and walk freely," said Toshiaki Kawahara, a writer who specializes in the imperial family. "After the war, he frequently came without any escort to drinking places in Giza," a Tokyo entertainment district.

He was called Nobuhito at birth and was the third of four sons of the Emperor Taisho. In 1913, he received the title Takamatsu.

Takamatsu graduated from the Imperial Naval Academy and navy staff college. But unlike his brother, who became an accomplished marine biologist, he never excelled in any particular academic field.

In 1930, he married Kikuko Tokugawa, a granddaughter of Japan's last shogun, or military ruler of the feudal era that ended in 1868.

During World War II he served as a naval instructor and on the headquarters staff. He is generally believed to have argued against war with the United States and then to have worked to end it when victory became clearly impossible.

Takamatsu has been quoted as saying after the war that at the time of the Battle of Midway in 1942, in which U.S. planes sank four Japanese carriers, he realized that defeat was inevitable because Japan had no control over the air. "I said we now have to think about how to end the war," he said. "I expressed this left and right."

After Hirohito's radio address of Aug. 15, 1945, announcing Japan's surrender, Takamatsu went to an air base outside Tokyo to talk kamikaze pilots out of a plan to keep fighting.

During the Allied occupation that lasted until 1951, the prince frequently entertained American officers at his palace home, including officers from the war crimes tribunal.

Controversy occasionally touched him in the post-war years. In 1973, a dispute occurred over his plans to make a private visit to vessels of the Maritime Self-Defense Force, as the navy is known. He canceled it. Under postwar custom, the imperial family has no contact with the military.

Takamatsu was diagnosed as having cancer in July, Hirohito, 85, visited him three times in the hospital, the final time Tuesday morning shortly before Takamatsu's death.



Prince Takamatsu

## Pretoria Calls U.S. Policy a Voting Issue

United Press International

**JOHANNESBURG** — Saying that U.S. policy toward South Africa will be a key issue in the country's general election in May, Foreign Minister R.F. Botha blamed the United States on Tuesday for violence in black communities.

"I hold Congress responsible for the murder of black people by black people," Mr. Botha told foreign correspondents, blaming foreign interference for increasing "intimidation" of blacks and for exacerbating the situation.

More than 2,000 people, most of them black, have been killed in two years of violent protests against white-majority rule.

Meanwhile, the police reported that three special constables were arrested and suspended from duty pending investigation of the fatal shootings of four persons Monday.

South Africa has severely restricted the reporting of unrest or dissent. Correspondents may be fined or imprisoned for failing to submit to censors articles that contravene regulations.

In a letter to Charles Z. Wick, director of the U.S. Information Agency, Ms. Lopez-Munoz said she was resigning after "an overwhelming sense of frustration" in getting clarification of her dismissal as White House correspondent for Radio Martí, which broadcasts mainly to Cuba.

"To put it simply, Mr. Wick I was doing my job the best I knew

## Reporter Quits Radio Martí

United Press International

**WASHINGTON** — Annette Lopez-Munoz, a reporter removed from her White House assignment by the government-controlled Radio Martí for asking a question at a presidential news conference, has resigned.

In a letter to Charles Z. Wick, director of the U.S. Information Agency, Ms. Lopez-Munoz said she was resigning after "an overwhelming sense of frustration" in getting clarification of her dismissal as White House correspondent for Radio Martí, which broadcasts mainly to Cuba.

"To put it simply, Mr. Wick I was doing my job the best I knew

how," she wrote in the letter, released Monday. The letter said that Richard W. Carlson, director of the Voice of America, which oversees Radio Martí, "reprimanded me with a rude and abusive phone call."

Ms. Lopez-Munoz, 28, broke tradition and, according to VOA officials, guidelines for government reporters by questioning President Ronald Reagan at a news conference Nov. 19. She asked whether he would consider changing his policies toward Nicaragua as he had toward Iran, and if he would consider breaking relations with Nicaragua to increase pressure on the government in Managua.

Mr. Botha said U.S. and other foreign pressure on Pretoria will be key issues in the white parliamentary election on May 6.

"In our relations with the U.S.," he said, "we will be guided by the fact that Congress has taken over, at least in part, the prerogatives of the president in making policy."

Mr. Botha cited the Oct. 2 congressional vote overruling President Ronald Reagan's veto of economic sanctions against South Africa.

"It is time to show the American Congress they do not determine our future," he said.

In another development Tuesday, mine officials said that 2,200 black workers, heading a management ultimatum to end tribal fighting or resign, walked off their jobs in a gold mine.

Workers at the President Steyn mine near Welkom, about 150 miles (240 kilometers) southwest of Johannesburg, were asked Monday to end the factional fighting that has left 39 miners dead and nearly 180 wounded.

## At the Statue of Liberty, Entry Is No Longer Free

New York Times Service

**NEW YORK** — For the first time in 100 years, visitors to the Statue of Liberty must pay to be admitted.

The \$1 tickets instituted Monday were authorized by Congress last year in a trial program that ends Sept. 30. The program calls for fees or free increases at 134 of the 338 sites administered by the National Park Service.

## Recorded Jazz Artists

SAN DIEGO (AP) — Alfred W. Lion, 78, whose Blue Note Record Co. recorded some of the best jazz musicians of the past 50 years, died Monday of congestive heart failure.

Mr. Lion became known as a leader in the jazz field when his hobby of recording jazz sessions evolved into Blue Note in 1939. He sold the company to Liberty-United Artists in 1967. Some of Blue Note's artists included Herbie Hancock, Thelonious Monk, Miles Davis, Art Blakey and Bud Powell.

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ARTS / LEISURE

Paris 'Elektra': Behrens, Ozawa

By David Stevens
International Herald Tribune
PARIS — Richard Strauss, in one of his paradoxical whimsicalisms about his own music, said that "Salome" and "Elektra" should be played "as if they were fairy music by Mendelssohn." That is exactly what Seiji Ozawa does in conducting the new production of "Elektra" at the Paris Opéra, and the result is marvelously revealing, not only in orchestral detail, but in the vocal subtlety that the cast is able to bring to its daunting task.

suggests her derangement, but her strapless dress could do nicely for a cocktail party, while Chrysothemis's sedate robe suggests the sister's more conventional attitudes. Klytemnestra and Aegisthus are outfitted in stylized versions of 19th-century monarchical getup — she an elaborately gowned and jeweled Habsburg grand duchess, he an Offenbach clown prince — and Orest arrives on his fateful mission in a medieval suit of armor, his iron helmet helping to explain Elektra's initial lack of recognition.

The result was an "Elektra" in which the savage myth is not so much updated as it is filtered through the conventions and manners of more recent times, suggesting that the ties that bind this very special one man's family are always with us. Behrens was singing the title role for the first time — which must leave her few, if any, worlds to conquer in the German dramatic soprano department. She conquered this one as she has the others — with unforced power, a gleaming, silvery timbre used with scoury, accuracy and a contained dramatic intensity. And she did a convincing final dance of crazed triumph. Altmeyer was equally unflinching of voice, and the creamier texture of her soprano contrasted effectively with Behrens's metal.

Any performance of "Elektra" can easily degenerate into a contest between the post-Wagnerian effusions of a gigantic orchestra and the ability of the cast to ride over the sound. Here the cast would have been equal to that — especially the women, who were Hildegard Behrens in the title role, Jeannine Altmeyer as Chrysothemis and Christa Ludwig as Klytemnestra. But with Ozawa at the controls, and the Opéra's orchestra in unusually responsive form, such heroic exertions were rarely necessary. It would be an exaggeration to say that this was an "Elektra" of chamber-music proportions, but it was often close to that — one in which Hofmannsthal's text was delivered with nuance and, when the occasion demanded, with ample power as well, and in which Strauss' dense but carefully calculated score was made exceptionally transparent.

This went hand in hand with a production — directed by Seth Schneiderman (who is Behrens's husband), designed by Hubert Monloup, and cleverly lit by Jean Boyer — that eclectically and effectively presents the succession of one-on-one conflicts in the house of Atreus against a background of their Freudian convolutions. There is no suggestion of Greek antiquity in Monloup's set. In the background is the diaphanous facade of a mansion, a kind of Victorian-Viennese baroque that might serve well enough for a production of Eugene O'Neill's trilogy on the same theme, while the front of the stage is occupied by a glistening black structure in which most of the entrances and exits take place — the bottom of a dreamlike funnel bousing the calamitous psychological encounters that form the essence of the drama.

Monloup's costumes are archetypes from different historical periods. Elektra's disheveled red hair



Hildegard Behrens in Paris production of "Elektra."



David Ryal as Arnolphe (left), and Neil Dudgeon as Horatio in "School for Wives."

Molière: School of Monomania

By Robert Cushman
LONDON — Molière was the great playwright of monomania. You might say he was obsessed with it. This may explain why Anglo-Saxons have never liked him. Take "School for Wives," the latest arrival at the National Theatre. It is about a middle-aged man so afraid of being cuckolded that he plans to marry a young girl whom he has trained up for the purpose since childhood. Oh yes, says the British playgoer, very intriguing, what else are we told about him? The answer is, nothing. The play shows him being comically disoriented. Uh-huh, what else does it show? Nothing. Well, what do the other characters get up to? There are no other characters, just foils to the protagonist.

Ben Jonson was the nearest thing to an English Molière. He too was fascinated by fanatics but each of his plays offers a stageful of them. His mechanisms are complicated and often messy. This is because he was, like all English playwrights, a romantic, half in love with chaos. Molière, like all good classically-minded Frenchmen, worshipped order. His plays are very clear. Someone — a friend or an outspoken misadventurer — tells the hero in the first scene how blinkered he is being and what trouble he will get into, and the rest of the play is that prophecy in action.

The single-mindedness can be amusing. "School for Wives" is a one-joke play but the joke is ingeniously told. Arnolphe, the would-be husband, has brought his intended up to be phenomenally naive, on the theory that sophistication would get her into trouble. But of course her innocence doesn't stop her from falling in love with the first young man she sees. The fact that she tells Arnolphe all about it, and that her beloved mischievously confides in him as well, is no bar either. It merely adds to the

exquisite torture that Arnolphe insists on inflicting on himself. And he is given enough good nature on the one hand, enough conceit on the other, to flavor the dish. David Ryal, who has been character-acting at the National for most of its 24 years, has his first star role as Arnolphe, and gallops confidently through it, making the audience gasp and gurgle at each fresh discomfiture. A great comedian might wriggle more inventively or just more individually, even at his most sophisticated Molière was still writing scenarios for clowns. Nobody else acts with any distinction. As the voice of reason Roger Lloyd Pack, who can be languidly brilliant, goes through the play like a man nursing a private joke. Otherwise Di Trevis's production has charm. The play suggests that Arnolphe has immured his bride in the suburbs. This show goes him one better and moves her right out to the country, where servants are yokels and landscapes are picturesque gradients. Arnolphe offends against nature and it takes its revenge, though at the end it relents and offers him grace. That seems to be the idea, but it would take richer performances to make it a reality.

This is the National's fifth Molière production: a reasonable score, and proof that the British theater feels obliged to grapple with him on a regular basis. Having done this, it feels entitled to neglect all his compatriots. Marivaux, who dominates French comedy of the 18th century as Molière does that of the 17th, is effectively written off as a lesser Molière, though in fact they share nothing except a nationality and an initial M. Marivaux is actually the more fascinating dramatist, with a flock of modern French revivals to

prove it. Instead of Molière's brisk comic diagrams, he offers rich oily pastorals. Rather than spotlighting a single folly, he draws a collection of them into a cat's cradle.

We are beginning to see his plays here (and it's only taken 250 years), but in reduced circumstances, presented by companies with more dedication than resource. The Gate, an adventurous pub theater in West London, has mounted "The Triumph of Love," which is about a princess going into man's apparel to win her love. Shakespeare had the same idea, often, but what he hinted at in "As You Like It" and "Twelfth Night" is here made manifest. To gain her man, our heroine has to charm his male and female guardians, and so alternately concealing and revealing her sex — she does. When she emerges for her happy ending she leaves a row of bruised hearts and shattered brides behind her.

Guy Cattan, the translator-director, has seen the play as a vehicle for himself to play Harlequin, which he does in full traditional gear and with teeth-clenching coyness. But among his scratch cast he does have a young actress, Harriet Keevil, of real poise, and she gives the piece something of the thermostatically-controlled warmth it needs. It also needs sets and costumes by Watteau. Just listening to it is an unduly severe experience. Peter Hall, when he took over at the National Theatre, said that we really had to get to grips with Marivaux. It is a shame that he should

come to the end of his reign with that promise unaccomplished.

Robert Cushman is a London-based theater critic and broadcaster.

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Rembrandt in Paris

The Associated Press
PARIS — A collection of etchings by Rembrandt is on show at the Bibliothèque Nationale in an unconventional setting designed to make visitors pause and look at details. "The Human Form," which runs until May 3, includes 340 etchings made between 1625 and 1669. Selected from the library's permanent collection of more than 900 Rembrandt works, the engravings were restored and reframed for the show. Most have not been displayed since 1905. Art critics say the show's installation is outrageous, yet effective. Jean-Marie Tasset of Le Figaro

compared its atmosphere to that of a "fairytale in dark velvet." Visitors begin their tour in a small, dimly lit room, its walls covered by dark green and purple wrinkled paper. Four holes in the floor, ringed by white wooden gates, display revolving color slides of details magnified from Rembrandt landscapes. Recordings of whistling wind and twittering birds help transport the viewer into the Dutch master's paintings. In the library's Mansart and Mazurine galleries, each subject is illuminated individually; many are presented in several versions, allowing visitors to appreciate Rembrandt's techniques.

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JAKE, I THINK WHAT CONCERNS ME MOST IS THE CLAIM THAT GOD IS HELPING A LIFE HOUSING FOR RUND-RAISING PURPOSES. THAT HE IS, IN EFFECT, A COMMUNIST.
AS ONE OBSERVER HAS PUT IT, "NO CAUSE CAN JUSTIFY TERRORISM. IT SAID IS THE CRIME OF CONGRESS THAT TERRORISM IS HEAVENLY AND INTOLERABLE!"
RONALD REAGAN. STRONG STUFF BUT I DON'T KNOW IF IT MEAN DOES IT?

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# INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

## Nonchalantly Downward

Presidential messages snow down on Washington in January. This year it is harder than usual to shove through to the truth. The main message, on the State of the Union, treated immediate economic troubles almost nonchalantly. The union will be in a dangerous state if action is delayed, and yet the messages were neither constructive nor urgent.

The huge foreign deficit can make the dollar nose-dive. The deficit cannot shrink fast, but Washington has to convince the markets that its actions will reduce it progressively. Otherwise the U.S. government will have to choose between constant depreciation and a tightening of monetary policy fierce enough to expose jobs, instead of the dollar, to a free fall. Does the Republican Party want to go into the 1988 elections in circumstances even mildly similar to 1932?

The dollar has fallen for nearly two years. Why hasn't the deficit shrunk? Some attack states like Hong Kong and Taiwan for not letting their currencies rise, but on average these have only kept stable against the dollar without offsetting its decline against Europe and Japan. Other arguments are more convincing.

When imports are 60 percent above exports, the latter have to rise much faster than the former if the deficit is to shrink. Repeated trade deficits add to the interest bill, debt compounds itself.

And when the dollar falls, the first thing that happens is that the deficit rises because imports cost more dollars than before. In theory this obverse effect eventually reverses as home output replaces

foreign goods and U.S. exporters slowly crank up because they find themselves more competitive. But the longer the dollar falls, the longer the obverse tendency lasts. The problem is that the 1985 devaluation was not once-and-for-all. It continues, so the import bill keeps rising.

But the essential consideration is that devaluation does not work without accompanying action to temper spending—and thus imports—and impel producers to seek markets abroad.

Exactly the reverse is needed from the revaluing countries. None are observing this rule. West Germany and Japan are at fault — but the United States, too, must act, raising in domestic demand and reducing its savings gap. For that, budget control is urgent. But the markets have small trust in the Reagan plan (a modest deceleration of the defense buildup, no tax hike, slashed nonmilitary spending) because Congress won't buy it.

The budget impasse could still be resolved. New compromises on military and civilian outlays are possible, and to raise revenue a temporary income tax surcharge and a new energy tax would make sense. To be avoided like the plague is any attempt to raise revenue by higher import duties, which would weaken attempts to make American producers more efficient and start an international tariff war. The worst enemy of all, however, is the Reagan administration's apparent refusal to go beyond the budget policies that failed last year and have resulted in a continually falling dollar.

INTERNATIONAL HERALD TRIBUNE

## Snatched on the Job

Iran and Lebanon have become swamps into which outsiders venture at their peril. This was well understood by Terry Waite, the Anglican envoy last seen in Beirut on Jan. 20. Indeed, he left instructions that he attempt to be rescued if he was taken captive. And every Western correspondent knows the risks of accepting even an official invitation to Iran, with its hostile regime of feuding clerical rulers.

Witness the ordeal of Gerald Seib, Middle East correspondent of The Wall Street Journal, now detained for undisclosed reasons at an undisclosed place in Iran. That Mr. Seib did anything to justify this outrageous treatment is inconceivable to colleagues who know him as a prudent, experienced reporter. He was among 57 Western journalists invited for a guided tour of Iran and the front in the war with Iraq. Unless he is promptly released, it will be impossible for anyone to take Iran's word seriously about war claims or anything else.

The worst-case surprise is that Iran and

its extremist allies in Lebanon are grabbing fresh captives to extort yet more TOW missiles from President Reagan. If so, that is bad news for Mr. Seib and Mr. Waite, since no such deal is imaginable. If so, that is also bad news for the president, for it would rub his nose in the error of undue eagerness to free imprisoned Americans.

There remains nevertheless the possibility of confusion and error, of pragmatic second thoughts about abducting an emissary or a journalist. Every hostage incident has its singularities and each needs to be judged in its context.

With calm and reason, Mr. Seib's captors may come to recognize that they have no grievance with him and can release him in the knowledge that he is a professional journalist who has done no more than his job — indeed, done so at their government's invitation. Likewise, as Mr. Waite's presumed captors honor courage, they will honor his by promptly freeing him.

— THE NEW YORK TIMES

## End the Polish Sanctions

The suppression of Solidarity, the independent labor organization in Poland, occurred on Ronald Reagan's watch and imposed on his administration a special moral burden to do something about it. Military relief was out of the question, but other forms of relief were not. To this end the administration imposed economic sanctions to help democratic Poles. It has been tough going, since sanctions cut two ways: They put pressure on the government but meanwhile hurt the people who are their intended beneficiaries. Nonetheless, the United States has made a decent effort to balance these considerations, and it can fairly claim to have seen some positive changes take place partly as a result.

The most important changes center on relaxing somewhat the degree of gross product interference in the lives of the people. What a Communist government can give, it can also easily take away, on previous occasions, Wojciech Jaruzelski released prisoners, and then locked them up again. So the United States has necessarily been wary even as he has been ranging in the right direction in the past year or so. Washington has gradually been ending its economic sanctions, but it hesitated to commit itself to ending them entirely without better assurances that General Jaruzelski would not again reverse field. It was to explore such

assurances that Deputy Secretary of State John Whitehead went to Warsaw last week. He is the ranking American to visit Poland since martial law was imposed late in 1981.

The special place that Poland occupies in Eastern Europe was evident in his visit. He saw, naturally, General Jaruzelski. But he also saw Lech Walesa of Solidarity, who, although officially an unleader of an unorganization, has an undeniable shadow role all the same, and Cardinal Jozef Glemp, head of the Polish Catholic Church, whose mass following has long required the Communist regime to leave it room for its many works. For some time the latter two men have favored the ending of American sanctions as a sign of some political relaxation and as a contribution to the economic health of the country. It seems that the Whitehead talks moved the United States toward this position and, barring a reversal on the Polish government's part, sanctions should be phased out before too long.

The sanctions have had their critics. It was pointed out that martial law at its toughest left Poles better off — they could travel to Western Europe, for instance — than Soviets and other East Europeans. At the least, nonetheless, sanctions let America express solidarity with Solidarity. The ending of sanctions does the same.

— THE WASHINGTON POST

## Other Comment

### Disengage From Lebanon

The strong possibility must be faced that more of the hostages taken in Lebanon will be killed. There is no intention in Kuwait to release any of the 17 men imprisoned there on terrorist charges, which is the move for which Islamic Jihad has been bargaining. The Israelis do not plan to release 400 of their own prisoners for the four academics, three American and one Indian, abducted [on Jan. 26] at Beirut University College by another Shiite offshoot, Islamic Jihad for the Liberation of Palestine.

The frustrations in the Western camp are mounting, which is one precise purpose of hostage-taking, but we have got to live with this. No one can have many certainties in this situation, but talk of "surgical strikes"

against targets deemed to be terrorist-oriented seems like so much bravado. What starts as surgery is liable to end in mutilation, with the deaths of many more people as innocent as the captives themselves.

On the merits so far, the only safe policy is one of Western disengagement until the storm abates. If the militia rule the country, the main sufferers are the Lebanese. They turned out in numbers last week to protest at the abduction of the academics. Last year, in a rare ecumenical display, the whole of Beirut went on strike against the murderous abandon to which the city is daily subject. If any help were widely requested by the people of Lebanon it would have to be seriously considered, but the West cannot police the world.

— The Guardian (London)

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## OPINION



## Innovative Asia: Not the U.S. Sweatshop It Once Was

By Joel Kotkin

This is the first of two articles.

WASHINGTON — captured much of the world trade in manufactured goods. Asia is now turning to the areas where American companies have remained dominant: innovation, product development and the service industries.

Until recently, much of Asia was regarded as a sweatshop at the service of U.S. industry. Scores of American companies have given up manufacturing at home and have contracted out the whole tiresome chore to folks on the other side of the Pacific.

Over the years, this strategy has worked well for many U.S. and Asian companies. But recently, success has spawned a revolution of rising expectations among Asian entrepreneurs. Throughout Asia, companies are moving, at times with startling speed, beyond the manufacturing process into the more creative tasks of product development and marketing that once were left to foreigners. Dependency is giving way to independence, and collaboration to competition.

country had enjoyed one of the fastest-rising standards of living in the world. But two years ago, all that came to a crashing halt. The slump in the American high-tech industry cost thousands of Singapore jobs. And Western trade barriers, combined with competition from lower-wage

Success has spawned a revolution of rising expectations among Asian entrepreneurs.

neighbors such as Thailand, have caused foreign investment to drop by almost a third. A nation that for 20 years had annual growth rates approaching 10 percent has seen its economy shrinking since 1984.

"We can't keep piggybacking on the multinationals," said Eddie Foo, managing director of Singatronics, a Singapore electronics manufacturer. "They have no loyalty, no commitment to us. In the long run, there is no

security producing parts for overseas companies. To survive, we must develop our own firms, our own technology, our own marketing."

The well-worn strategy of using tax breaks and other incentives to attract overseas corporations no longer dominates government thinking in Singapore. Government initiatives focus increasingly on such incentives as lower corporate taxes, venture capital funds, and low-interest loans, all targeted at entrepreneurs.

Mr. Foo is something of a hero in the move toward economic independence. When he took over Singatronics in 1980, the company was doing \$2 million in sales a year, making electronic games and calculators.

Mr. Foo, a former Olivetti executive, quickly drove Singatronics upscale. He recruited top talent from the local operations of other multinationals, people who were able to win big contracts from large foreign companies. With the proceeds from those contracts reinvested in a modernized manufacturing operation, he turned loose his engineers and managers to develop a proprietary line

of medical electronic instruments. The company's Healthcheck brand products (including digital thermometers, blood-pressure readers and pregnancy tests) now account for as much as one-quarter of its \$33 million in annual sales.

Singapore also seeks to be a gateway for foreign companies into Southeast Asia, where the tropical conditions and overbearing business environment can be difficult for Westerners. Chi and Associates, a 30-person engineering consulting firm, recently won several large contracts from U.S. and Japanese companies with projects in Indonesia. Tony Chi's task is to adapt his customers' plans to local labor and materials.

"Americans and Japanese don't know how to build in this kind of environment," said Mr. Chi, a 1970 graduate of Pennsylvania State University. "You might design a steel building in Los Angeles that, in Indonesia, is actually cheaper to build with concrete. We know better how to employ cheap labor and technical skills in this part of the world."

The writer covers the Pacific Rim for Inc. Magazine, from which this article was adapted by The Washington Post.

## How Japan Gobbles Asian Resources

By Halimah Todd

PENANG, Malaysia — When five Japanese mining companies opened the Manut copper mine in Sabah, Malaysia, all sides seemed happy. The Japanese obtained copper, the local partners got rich, the state government collected its taxes and Malaysia's gross domestic product rose slightly.

But metal pollution from the mine contaminated a wide swath of farmland and destroyed the livelihood of an entire community. The cost to the farmer of getting copper to Japan has never been calculated.

Japan needs its Asian neighbors. All of its liquefied natural gas, or LNG, 64 percent of its timber, and most of its copper, its aluminum and rubber must be imported. Most of these resources come from Asian mines, forests and plantations.

But the interlocking systems of international trade and investment hold the developing countries of Asia

in such a grip that they have little bargaining power. Their overreliance on resources has set up a low-price, while their economies become increasingly dependent on expensive imports from Japan.

Japan is the leading source of imports for every Southeast Asian country but the Philippines, according to the Japanese Ministry of International Trade and Industry.

It is also the leading source of development aid to the region. Thailand gets a hefty 68 percent of its aid from Japan; the Philippines, 56 percent; and Malaysia, 52 percent, according to the Japanese figures.

This heavy dependence on Japan for imports and aid is no coincidence, as Tsuchiya Takeo argues in AMPO: Japan-Asia Quarterly Review.

When Japanese capital began moving into Southeastern Asia in the 1970s, the objectives were to exploit cheap labor and to secure markets. Japanese cars, televisions, textiles and machinery, for example, soon controlled these markets.

From this Third World springboard, Japanese goods could penetrate U.S. and European markets where quotas blocked their direct import from Japan. But by the end of the decade, Japanese investment, to the tune of several billion dollars a year, was pouring into the resource-rich areas of Indonesia, where Japanese investment topped \$7 billion in 1984, much of it went into oil, LNG, copper, iron and steel.

Although most of the plants involved were joint ventures, the Japanese partner typically retained management control, supplied machinery and equipment and often exported 100 percent of the output to Japan.

Such investment also acted to move polluting industries outside Japan. Professor Uji Jun of Tokyo University, president of the Asian Environmental Society, told a Third World conference in Penang in 1984.

He noted that the Usan Chemical company, which makes chromium, moved to South Korea after Japanese protesters said it was polluting soils in a Tokyo suburb. And Kawasaki Steel Corp. moved an ore sintering plant to the Philippines after complaints about air pollution.

As investment by Japanese companies in resource-extracting operations surged, government aid to these industries grew. Japanese yen loans provided 62 percent of the funding of the Asahan aluminum plant in Indonesia, which is expected to cause serious environmental damage.

Official aid is also used to mute protest against Japanese companies. What Uji Jun ironically calls "showcase technology" for monitoring air pollution has been given to Malaysia and Singapore, though it had been shown to be ineffective in reducing pollution in Japan. Japanese aid is also financing a large sewerage project in Penang, though most of the aid money returns to Japan to buy the expensive equipment required.

"Common to all these projects," the Tokyo professor writes, "is that the approach is indirect and capital-intensive, with the problems going unacknowledged at their source."

Asian governments, of course, welcome the investment and the aid, despite their concern about economic dependence. The governments themselves are the local partners in petro-

Local elites have made fabulous fortunes. Some communities have refused to be coaxed.

chemical, LNG, aluminum and steel plants set up by Japanese multinationals with yen loans.

Local elites, in alliance with Japanese capital, have made fabulous fortunes while overlooking the rapid depletion of natural resources. This alliance has been extremely useful to Japanese investors. It has kept trade union activity to a minimum in affected sectors and allowed local protests over pollution to be contained.

But some communities have refused to be coaxed. In the small town of Papan in Malaysia, residents and environmentalists protested the siting nearby of a nuclear waste dump. The waste is produced by Asian Rare Earth, a joint venture between a local company and Mitsubishi Chemical Industries of Japan.

The governments and the company initially denied there was any danger and threatened the "agitators" with police action. But protests continued until the dump was moved to a remote area and residents won a temporary court injunction to close the factory. The company has appealed.

The writer, a free-lance journalist and former features editor at the New Straits Times, contributed this view to Third World Network Features.

Students can be helped to finance all the education they want, but must in turn be ready to aid their communities through participation in a national service program.

Business can get better-trained workers, but must accept a share of the burden of retaining displaced workers and providing early warnings of impending layoffs.

Teachers can have higher pay, more respect and a larger voice in running their schools, but only if they accept tough evaluations of their performance and changes in archaic patterns of education.

Mr. Hart has produced a good blueprint. What he cannot now produce is evidence that he is enough of a leader to make it happen. But that is what campaigns are designed to test.

The Washington Post

## Hart Today: Less Dazzle, Solid Ideas

By David S. Broder

WASHINGTON — In the midst of last week's East Coast blitz, Gary Hart went shopping for a campus that was clear enough to provide him a lecture hall. He wound up at Duke University. What he said there about the education challenge facing the United States was another indication that the early front-runner for the Democrats' 1988 presidential nomination is ready to meet the test in the issues area.

As with his speeches last year on the economy, defense and foreign policy, the former Colorado senator did not seek to dazzle with "new ideas." That was his game in 1984 and it backfired when Walter Mondale called his bluff in an Atlanta debate.

Rather, what Mr. Hart has done in one policy field after another is to demonstrate that he is familiar with past proposals, has filtered them through his own value system and sense of political realities, and has put them back together in a program that has structure and logic.

That talent is a good part of presidential leadership. The other part is salesmanship, the ability to enlist public support for the policy. That has not been Mr. Hart's strength. But the coming campaign will help measure his current capacity in that field.

For now, Mr. Hart is producing an agenda that appears to be based on a realistic assessment of national needs and resources, rather than a calculation of what must be said to satisfy the demands of each of the Democratic Party's most vocal constituency and interest groups.

In his education speech, Mr. Hart talked about the need for a federal role and proposed ways to raise the \$12 billion in revenues he estimates the first three years would cost.

He stressed the need for early education for poor children and the importance of broad access to college. He did not discuss bilingual education — a powerful symbolic issue to politically active Hispanics.

He is sending the signal that his approach will be different from the court-constituencies strategy that undermined Mr. Mondale in 1984.

Mr. Hart's blueprint draws heavily on the work of the Carnegie Forum and the National Governors Association. It is more bipartisan in character than his rhetorical shots at the Reagan administration's record on education would suggest. But for that reason, it provides a realistic blueprint of what the next administration could do — in cooperation with the states, local communities and the private sector — to improve the education system at every level.

Like his other recent speeches, this one shows the effort Mr. Hart and his advisers have made to reduce a complex subject to its essentials. It is written in commendably clear, if not soaring, language.

It opens this way: "The key to unlock the 21st century for America is education. . . . Individual and national interests must be subordinated to this overriding national interest: creating a fully literate America, imbued with democratic values, where each individual is empowered to master the challenges of change."

Mr. Hart suggests comprehensive goals ranging from improved preschool programs to adult literacy and retraining efforts. He describes the national policies that will meet them, and puts forth a set of "specific challenges" — the trade-offs that will be required and the responsibilities individuals will have to accept.

Here is where Mr. Hart is at his best. He provides a tough antidote to the mindless overindulgence and excesses of the last six years of "you can have it all" thinking.

Parents, he says, can have better schools for their children, but only if they accept the responsibility for making their schools "every day" dedicated to successful learning, by such steps as keeping the television off until homework is finished.

Students can be helped to finance all the education they want, but must in turn be ready to aid their communities through participation in a national service program.

Business can get better-trained workers, but must accept a share of the burden of retaining displaced workers and providing early warnings of impending layoffs.

Teachers can have higher pay, more respect and a larger voice in running their schools, but only if they accept tough evaluations of their performance and changes in archaic patterns of education.

Mr. Hart has produced a good blueprint. What he cannot now produce is evidence that he is enough of a leader to make it happen. But that is what campaigns are designed to test.

The Washington Post

## IN OUR PAGES, 75 AND 50 YEARS AGO

### 1912: A Swing to Taft

NEW YORK — The week's political pendulum is swinging strongly toward President W.E. Taft. The New York County Republican Committee endorsed Mr. Taft by a vote of 582 to 17 after the Roosevelt men had made a fight to delay the vote.

PARIS — The Herald has great respect for Mr. Taft as one of the smartest Presidents the United States has ever elected. It is, therefore, with regret that we find him entertaining the impracticable suggestions of "faddists" and putting forth their notions in a demagogic manner. Advocacy of peace congresses, which only set men to fighting, and his proposal that an international conference shall be held in Washington to consider "the high cost of living," are instances of this.

His recommendation that the Government shall purchase the Alaska Central Railroad is on the same line.

### 1937: Malaga Targeted?

GIBRALTAR — A combined land and sea attack against Malaga by the Spanish Nationalists was predicted here [on Feb. 3] following an important concentration of Nationalist naval forces at Algeciras and Cadiz in the last 48 hours. Two German battleships, which were at Algeciras together with the Nationalist warships Almirante Cervera, Canarias and Baleares, sailed eastward for an unknown destination. Meanwhile, reports of further landings of Italian volunteers at Cadiz have been confirmed, but their number is not known. The British battleship Royal Oak, which is anchored off Europe Point, had a narrow escape [on Feb. 2], when three Red planes dropped three bombs, apparently mistaking the ship for the Nationalist cruiser Canarias. None of the bombs struck the vessel, but fell within a few hundred yards.

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OPINION

Holding the Truth Hostage Is Not the American Way

By William Safire

WASHINGTON — Larry Speakes, departing White House spokesman, offhandedly revealed an illuminating fact in a farewell interview. He recalled that at the time of the Grenada invasion he unwittingly misled the press when asked about it. He had been misinformed, and his credibility undermined when the deception was exposed, by a National Security Council staff member named "Poindecker" of all people.

ESSAY

Remembering calling the White House, soon after the Grenada invasion was announced, to find out who was responsible for the decision to exclude the press from the combat operation. Throughout America's wars, the tradition was to bring along at least a few correspondents to report the action impartially, at no risk to military security.

Robert McFarlane, then national security adviser, took my call and wondered, "Is that really your central concern in all this?" Here was an example of prompt and effective use of force to stop a Communist takeover and prevent the taking of U.S. hostages; here was an action that hawkish pundits could be expected to applaud; what was this fuss about a side issue of media coverage?

The fuss was about telling the truth to the people. The United States government may on rare occasion fall silent for a time, but it must not deliberately lie; temporary secrecy can help justify a news blackout. By breaching that democratic precedent, and by issuing a lie, the Reagan administration engaged in self-corruption far more important than one victory in the Caribbean.

I think Bud McFarlane may realize that now. But Vice Admiral John Poindecker, promoted to the national security adviser's post after that lie, probably does not. That is because the truth, for him, seems to be less a moral imper-

ative than an instrument of policy. The same man who misled Larry Speakes about Grenada urged the president to apply "disinformation" to the pressure on Libya. He saw nothing wrong in destroying the reputation for truthfulness of U.S. officials by peddling stories to the press that might make an enemy dictator nervous.

When his stupid and vengeful memorandum was unearthed and exposed in The Washington Post, Admiral Poindecker came before a group of pundits and pumped out some bombast about having to check his files, never admitting its authorship. The truth was not something he was prepared to own up to.

We know now that as he was stonewalling about disinformation, this flag officer had for months been urging the president to trade arms for hostages in secret while saying just the opposite in public. No wonder, when called upon to do his duty and report the whole truth, he becomes the first admiral to take refuge in the Fifth Amendment.

Americans have the right to assume that his truthful testimony would tend to incriminate him, perhaps to cause his criminal indictment, conviction and incarceration. With Lieutenant Colonel Oliver North and Richard Secord, Mr. Poindecker stands silent in the midst of a scandal more akin to Teapot Dome than to Watergate, a scandal not merely of abuse of presidential soft-heartedness but one in which investigators tell me that \$40 million is unaccounted for.

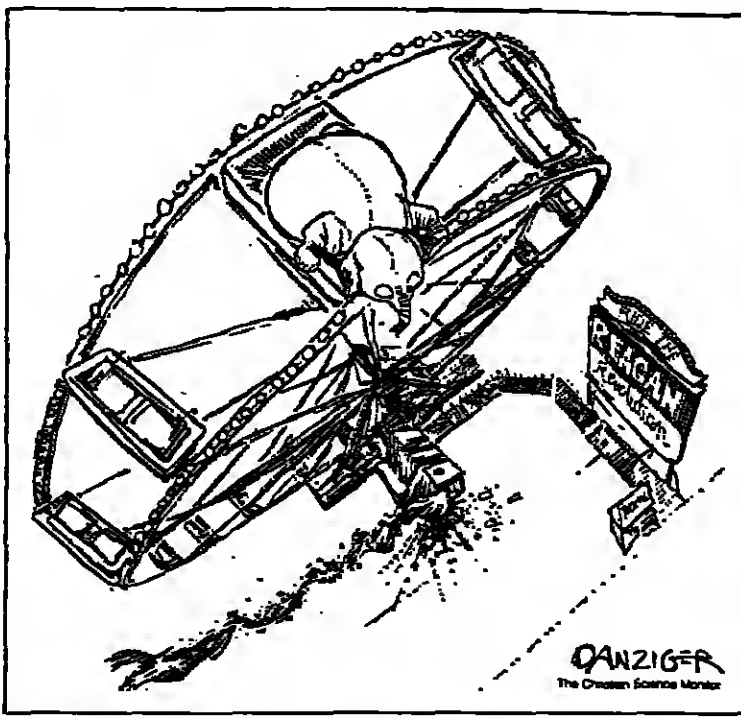
Not all high officials in this matter have brought shame on the U.S. Naval Academy, which graduated John Poindecker first in his class apparently without including in him the democratic value of truthfulness in office and accountability to superior officers. Mr. McFarlane, Donald Regan and George Shultz, all former marine officers who did not receive their higher education at public expense, have taken the oath and taken their chances by testifying.

But Admiral Poindecker persists in his pattern of refusing to tell the truth. His excuses have ranged from national security to self-incrimination, but his habit was established and rewarded years ago.

This is not a man to be given immunity from prosecution. Americans are owed the truth; they should not have to pay ransom for it. If justice requires that the Poindecker testimony be delayed, and if the admiral chooses to hold the president hostage, so be it. If anybody in this gets convicted, that person would probably have a lot to say to show contrition before sentencing.

As for the deception-crippled president, the next time he decides to sign a Bible, let him consider what John 8:32 says: "And ye shall know the truth, and the truth shall make you free."

The New York Times



DANZIGER The Crossed Source Member

Danger, Cotton-Swabbing Giants at Work

By Alexander Eliot

NEW YORK — Controversy over the vast "restoration" of Michelangelo's frescoes in the Sistine Chapel at the Vatican is growing. This controversy, in turn, is part of a larger debate over what is known as "art conservation."

Most masterpieces hang in museums, where resident technicians constantly "intervene" to "stabilize" admittedly aging and physically imperfect paintings. "Conservators," such as the Vatican's Gianluigi Colalucci, the Metropolitan Museum of Art's John Brealey and the Getty Museum's Andrea Rothe, carry incredible eldritch. Artists and connoisseurs alike are seen as retarded romantics who must bow to "scientific objectivity" as personified by establishment giants of the cotton swab.

Art conservation is thus rapidly becoming a multi-billion-dollar industry. In museum basement labs equipped with hot tables, scalp racks, detergent tubs and spray booths, swarms of highly paid specialists labor to make the world's art heritage like new — or like zero. Increasingly, complaints are heard

"If it ain't broke, don't fix it," pleads Roger Kennedy, director of the Smithsonian's National Museum of American History. Yet news coverage tends toward hyperbole. Heroic efforts are reported. "Science triumphant snatches art from the sooty fingers of grimly

MEANWHILE

hurrying time." Well, yes and no. So-called art restoration is at least as tricky as brain surgery. Most pictures expire under scalpel and sponge.

Assiduous cleaning has converted Rembrandt's famed "Night Watch" into a day watch. Titian's "Bacchus and Ariadne" at London's National Gallery is a pressed flower now. The Frick Museum's "Saint Francis in Ecstasy" by Giovanni Bellini is a bluish corpse of its former self. After Francis Henry Taylor retired from directing the Metropolitan Museum, he confessed to me that over-

cleaning had ruined the Met's extensive Rembrandt holdings. Relatively modern masters suffer, too. Smiling summer scenes by Renoir and Monet are routinely reduced to flat, toothpaste-bright grimaces. Van Gogh's visual ousteries are made to resemble color slides.

Should science be blamed for these common miscarriages? No, science is only the cutting edge of art conservation. The blade itself is fashion, forged by our modern taste for pictures that can be "read" at a glance. People no longer enjoy making an effort to see what they are looking at. If past masters to compose in depth, with veiling hues and shades compacted to create a vibrantly mysterious palimpsest, let these be flattened, brightened, rendered plain as day. Let us impoverish painting, in short, not so much to keep it safe as to make it "accessible."

This is going on now at the Vatican. The restoration of the Sistine ceiling irreversibly expunges the top layers of the greatest painting ever made. The Vatican's conservators and their American colleagues concede this point. Can they dare the layers that they are taking off? No, they say, but that is irrelevant because only the bottom layer of water-color pigments in plaster is by Michelangelo. Therefore, the fresco's top layers are only grime plus previous retouchings and restorations by hands unknown.

So much for theory; what does eyesight say? Any disinterested observer who carefully examines the Vatican's own "before and after" shots of the ceiling will notice two things. First, the cleaned portions are flat, schematic and shrill in hue. Second, Michelangelo's not-yet-cleaned images are fully modeled as to form and profoundly harmonized as to color. Thus one can sense both the underlying bone structure and the emotional state of each and every uncleaned figure there.

Up to now we have credited this to Michelangelo's genius. But the conservators say no. For centuries, we have been falsely inspired by a disposable coat of crud. The actual hot-flash Michelangelo lay hidden underneath for Mr. Colalucci's cohorts to discover. Now, thanks to modern science, we can see how things stood when Michelangelo stepped down. Or can we?

Nearly half of the Sistine ceiling has already been reduced to postcard quality. Public outcry could save the second half for future generations to enjoy.

The writer, an art critic, contributed this column to The New York Times.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

LETTERS TO THE EDITOR

Shock Therapy for Whom?

Regarding the opinion column "Shock Therapy: America Needs the IMF Treatment" (Jan. 27):

As an American in Europe, I am hard pressed to explain to my European friends just whom it is that Alan Soga's "emergency program" for the U.S. economy would shock. Two of its three elements would require the country's trading partners to pay for what he correctly states as America's penchant for over-consuming and under-saving.

West Germany and Japan, two countries that have kept their economic houses in order (albeit by sometimes questionable methods) are urged "to help finance U.S. deficits" while America imposes "a temporary tariff on all imports" and pledges "to forgo new protectionist measures" (as if "temporary tariff" were not protectionist.) All this would aim at restoring American "competitiveness" and rebuilding the nation's standard of living — an incredible statement for most Europeans.

Instead of taxing only the consumption of imported goods through a tariff, the United States ought to tax all consumption through a value-added tax. This could be temporary, though in areas such as gasoline consumption it could be used to encourage beneficial long-term readjustments. For it is not the excessive consumption of imported goods that underlies the U.S. deficit, it is, quite simply, excessive consumption.

In any case, hoping that U.S. exports will boost America's standard of living is a chimera. Less than half of U.S. gross national product is in industrial production, and the level will continue to drop. Aside from the high technology sector, U.S. competitiveness will be measured

increasingly in terms of services. The more value-added, the better.

SCOTT SUNQUIST, St. Denis, France.

What Buckley Overlooked

Regarding "The Ambassador's Entertainment Fund" (Jan. 24):

Does William F. Buckley really not understand why private contributions to individual embassies for entertainment purposes are both improper and inequitable, or has he conveniently set judgment aside lest it complicate his intemperate attack on the Foreign Service and the Washington bureaucracy?

For the sake of clarity, and because we do not know otherwise, let us assume that Faith Ryan Whittlesey, the U.S. ambassador to Switzerland, used the money only for those purposes for which the fund was intended, and that Attorney General Edwin Meese established that fact without reference to press reports that he was the guest of honor at one of her official dinners.

Representation funds are allocated to U.S. embassies abroad in line with the same criteria that dictate the allocation of other resources, such as staffing levels or travel allowances. While the local cost of living plays a role, the principal standard is the relative importance to the United States of the country involved. Representation money is just another tool given an ambassador to allow him or her to implement U.S. foreign policy, most importantly by promoting the views of the current president.

Switzerland is surely of some importance to the United States. But many embassies more central to U.S. foreign policy than the embassy in Bern have annual representational allowances well

below the sums donated by Mrs. Whittlesey's friends and supporters. By permitting earmarked contributions of that kind, we give individual donors a special voice in determining U.S. priorities among countries, a foreign policy matter that is the prerogative of the president.

Even if such contributions were put in a pool for general distribution to U.S. embassies, privileged individuals would be in a position of special influence as to how the government attends to its business. This is not wholly unlike allowing individuals to designate the uses to which their taxes may be put. We elect representatives for that purpose and vote them out if we don't like the result.

ALAN D. BERLIND, Athens.

Safe and Complaining

So Ferdinand Marcos thinks he is being treated like a prisoner. "Marcos's Return Is Aborted," (Jan. 30) Isn't that too bad. Doesn't he realize he is lucky to be alive, thanks to Ronald Reagan?

PETER ADAMS, Paris.

Backstage at the Auction

In his column on the "Christie's case" (Jan. 24), Sourra Melikian has presented an accurate description of the genesis of that controversy. Although his account is surely a revelation to many readers, no art market professional or well-informed collector would be surprised by his outline of events. After 15 years at Sotheby's I came to expect this sort of negotiating scenario and endless haggling over reserves whenever a major collection came up for sale.

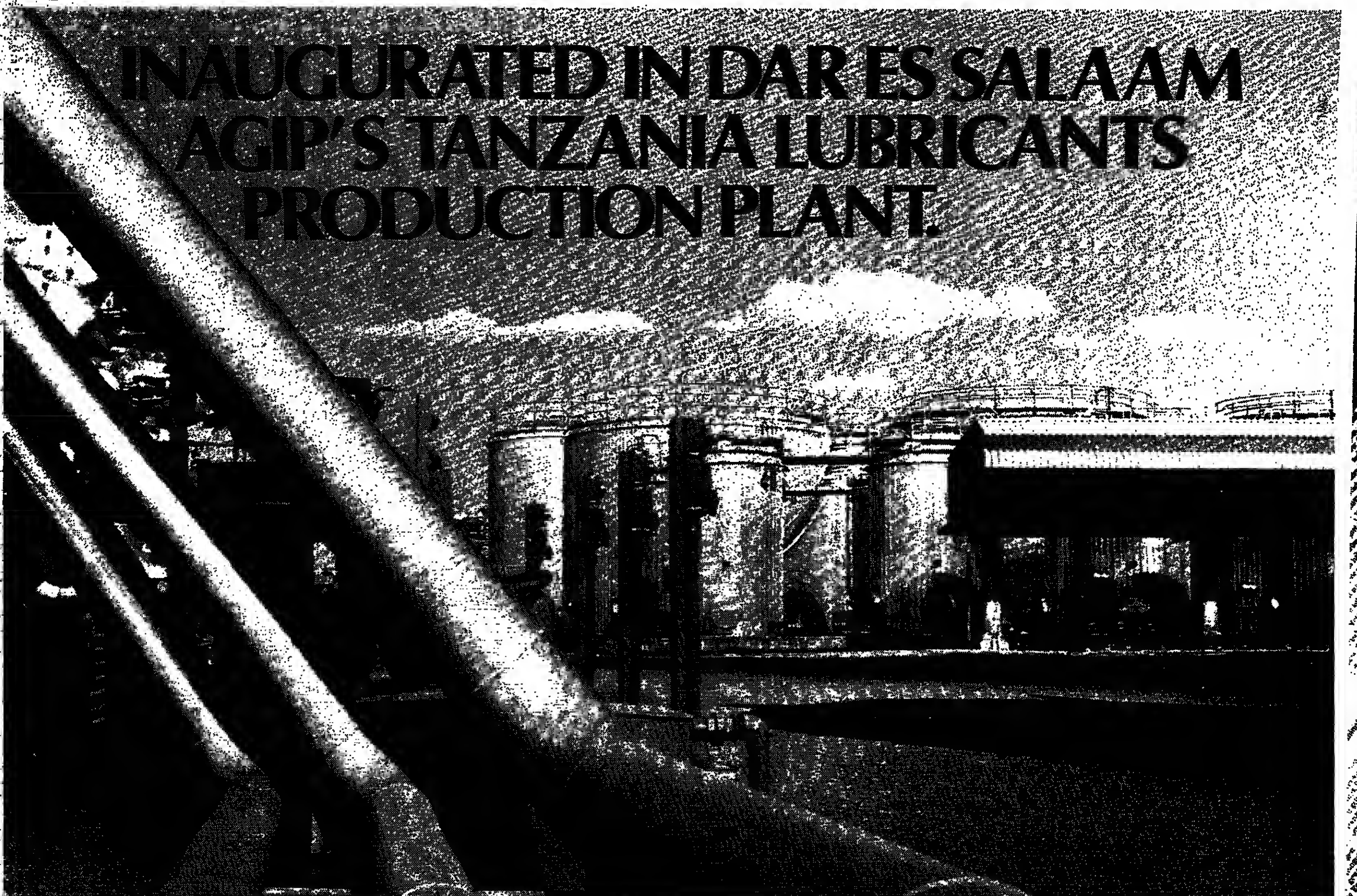
Twenty years ago the Christie's-Cristallina affair before any serious effort to establish a code of practice for the art market can be expected. In the meanwhile, well-informed reporting and commentary such as the recent Melikian column provide a valuable service.

JAMES J. LALLY, New York.

Precisely Not Regicide

MANY foreigners see Americans' reaction to the Iran-contra affair as a self-damaging wound, much as they viewed the uproar over Watergate. They shake their heads and wonder about a penchant for regicide. But Americans cannot commit regicide, having got rid of their king long ago and introduced a constitutional system to prevent the arbitrary abuse of power by government officials. It is important to understand that the American insistence that presidents and subordinates be held strictly accountable to the sovereign people under their laws is absolutely essential to America's identity as a nation.

L.H. Fuchs in The New York Times.



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WEDNESDAY, FEBRUARY 4, 1987

Page 9

INTERNATIONAL MANAGER

British Fund Managers Test A New Strategy: 'Ethics'

By SHERRY BUCHANAN

LONDON — Corporate managers in Britain are witnessing the birth of a new breed, the "moral" shareholder who invests only in what this investor considers "ethical" stocks.

Investments influenced by social consciousness have become increasingly common in the United States since 1977, mostly as investors have divested holdings in companies with South African links.

In Britain, the funds are much smaller, though no overall figures are available. The largest "ethical" fund, the Stewardship Trust, is two years old and manages about \$37 million.

British shareholders, like many Americans before them, wonder whether ethical investments can be as profitable as traditional investments.

"A lot of people are interested in ethical investments," said Peter Silvester, general manager of investments at Friends Provident, a British life insurance group that manages \$5 billion.

According to a study by Ann Woodall at the City of London Polytechnic, the return on "ethical" funds last year was 7 percent less than in traditional investments for each £1,000 invested.

ALTHOUGH American ethical funds say they have higher-than-average returns over the last five years, the manager of one is cautious about their performance.

"We don't make claims this type of fund will ensure a better performance," said Jeff Friedman, who manages three funds for Dreyfus Corp., one of the oldest New York investment management firms and one of the biggest, with holdings of \$40 billion.

But most British shareholders still are not convinced, fund managers there said.

Another problem is determining whether a stock is "ethical" or not. Criteria differ among the funds. The Social Investment Forum in Boston, for instance, looks at "corporate citizenship" (how much money a company contributes to the local community and to charity) and employee relations (including how much

Pesch Makes Bid For Firm

\$1.7 Billion for American Medical

Reuters

CHICAGO — American Medical International Inc. said Tuesday that it had received an offer from Alpha Health Systems Corp., a subsidiary of Pesch & Co., to acquire the company for \$20 a share, or \$1.74 billion.

American Medical has outstanding about 86.9 million shares. On the New York Stock Exchange, American Medical closed Tuesday at \$19.25, up \$1.375 from its Monday close of \$17.875.

Pesch is a privately held international company, based in Chicago, with interests in health care, information systems and real-estate development.

Its offer is contingent on financing and will remain open for consideration by the American Medical board until Feb. 17.

American Medical, based in Beverly Hills, California, operates 159 health-care facilities in the United States and abroad.

For the first quarter of the fiscal year, ended Nov. 30, American Medical reported earnings of \$28.6 million, or 33 cents a share, on revenues of \$931.8 million.

Analysts in New York said that American Medical's board was expected to reject the takeover offer.

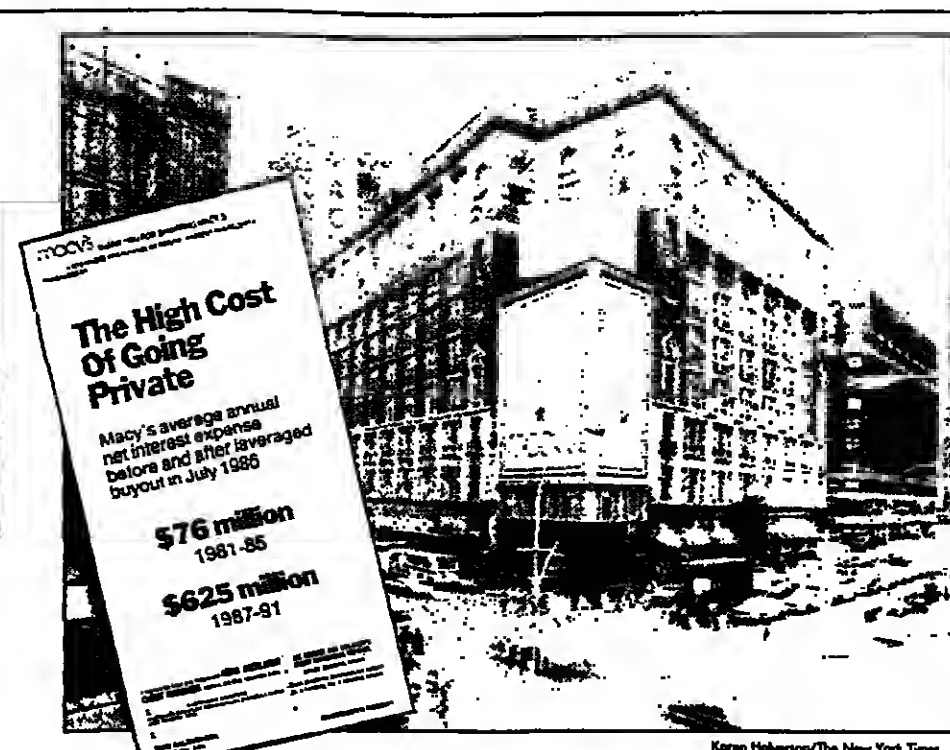
"I would expect it to be viewed as antagonistic," said Byron Ni-mocks of E.F. Hutton Group. "Certainly the premium they offered over yesterday's closing price is not very exciting."

Analysts speculated that Pesch & Co., headed by Dr. Leroy Pesch, had simply put forth a first bid and might be willing to top it later.

Dr. Pesch headed Health Resources, which was bought by Republic Health Corp. in 1984. Republic, a hospital chain based in Texas, went private in a leveraged buyout led by Dr. Pesch last year.

The analysts disagreed on the potential value of American Medical, which has been hot in recent years by overcapacity in the hospital industry.

American Medical officials would not comment on the offer.



Macy's New York flagship store in mid-Manhattan's Herald Square.

For R.H. Macy, the Price Was Right

Classic Leveraged Buyout Quickly Called a Success

By Isadore Barmath

NEW YORK — In early 1985, Edward S. Finkelstein, chairman of R.H. Macy & Co., the fourth-largest U.S. department store chain, found himself increasingly preoccupied with two problems.

The financial community expects Macy to go public again as soon as it has reduced enough of its debt to start showing regular profits.

Proponents of leveraged buyouts argue that they are healthy because they increase management's financial stake in the company's success or failure.

And, in some cases, managers have taken a company private, done some fast financial shuffling and taken the company public again, netting tremendous gains without really strengthening the company.

The Macy transaction illustrates some of the advantages and disadvantages of the leveraged buyout approach. Many employees have responded to the buyout with increased enthusiasm and a spirit of cooperation.

Investors must wait five to seven years for the buyout to begin paying off, and there is no guarantee that Macy will perform well enough to generate

one of the largest ever. In a leveraged buyout, a group of managers, supported by outside investors, borrows a great deal of money to buy the company. The loans are secured with the assets and future earnings of the company being bought.

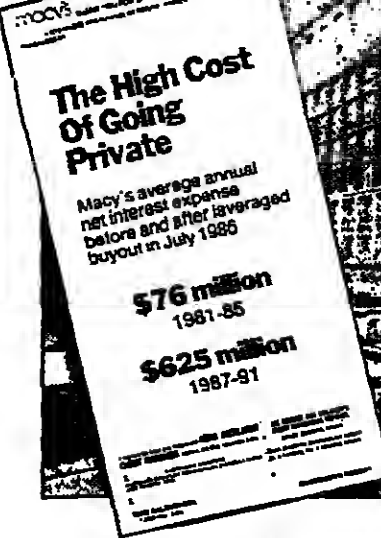
Ultimately, the managers hope to take the company public again at a far higher price.

Seven months later, Mr. Finkelstein is ready to declare the new Macy a success.

Financial results for the first quarter after the buyout, ending Nov. 1, were well above expectations: Sales increased 16.4 percent, to \$1.23 billion (thanks in part to the opening of two stores), and instead of the \$42 million loss forecasted at the time of the buyout, Macy lost only \$8.6 million.

More important, the buyout seems to have prompted a healthy change in corporate culture. "There's no question in my mind that it is working well because we have unleashed an entrepreneurial spirit here," said Mr. Finkelstein, 61.

Despite that rosy assessment, it is far too early to judge the success of the Macy leveraged buyout.



U.S. May Ease Export Controls On Technology

BRUSSELS — The U.S. trade representative, Clayton K. Yeutter, said Tuesday that the United States was reviewing its position on sensitive high technology exports and was likely to ease some controls soon.

In a news conference by satellite link from Washington, Mr. Yeutter also rejected speculation that a dispute with Europe over alleged subsidies for the European Airbus Industrie consortium was part of a wider U.S. strategy to keep pressure on the European Community over trade disputes.

The Airbus dispute follows within days the settlement of an EC-U.S. dispute over grain sales to Spain.

Meanwhile, a senior official of Airbus Industrie dismissed U.S. allegations of unfair trading.

To his news conference, Mr. Yeutter said that a number of senior officials in the Reagan administration felt that existing restrictions on technology exports went too far and had damaged U.S. industry's ability to compete.

He was replying to a question on the U.S. government's position following reports that existing controls were likely to bar U.S. companies from winning business in a \$1.5 billion European fighter aircraft project.

"Perhaps we have tilted a little too much toward the control side in recent years and the time has come to tilt a little bit more the other way," Mr. Yeutter said.

Last month, under pressure from domestic industry, the United States lifted controls on the export of oil and natural gas drilling equipment to the Soviet Union.

U.S. negotiators in Europe have argued their European counterparts with claims that large subsidies were allowing Airbus Industrie to compete unfairly with U.S. manufacturers Boeing Co. and McDonnell Douglas Corp.

In Toulouse, southwest France, Stuart Iddles, Airbus Industrie's senior vice president for commercial affairs, said the Reagan administration was wrong to suggest that Airbus was using unfair marketing practices.

The Reagan administration has expressed concern that Airbus is seeking at least \$2.5 billion in government loans to finance two new jetliners.

Mr. Iddles said that Airbus loans are repayable to Airbus's sponsoring governments, Britain, France, West Germany and Spain.

A U.S. deputy trade representative, Michael B. Smith, and the undersecretary of commerce, Bruce Smart, arrived Tuesday in Paris from acrimonious talks in London and repeated their complaints to French officials, who rejected them, according to a communiqué.

A U.S. statement said it was agreed that the U.S. concerns would be debated in a committee of the General Agreement on Tariffs and Trade.

(Reuters, AP)

Aramco to Buy Saudi Crude at Official Price

Compiled by Our Staff From Dispatches

NEW YORK — Arabian-American Oil Co. said Tuesday it had been authorized by its owners, Chevron Corp., Exxon Corp., Mobil Corp. and Texaco Inc., to enter a multiyear agreement to buy crude oil from Saudi Arabia at the official OPEC price.

Oil companies had previously been said to be resisting any long-term commitment to purchase Saudi Arabia's crude at a fixed price, given the uncertainty over prices.

Saudi Arabia's official price for its Arab light crude was set at \$17.52 for Feb. 1 under an output-reduction agreement by the Organization of Petroleum Exporting Countries in December. Oil prices have risen by \$3 a barrel since then.

Dubai light, a key OPEC crude, bucked a downturn in prices on Tuesday to jump 85 cents to \$17.95 a barrel. Analysts attributed this to the Aramco report. (Reuters, UPI)

Currency Rates

Table with columns for Currency, Bid, Ask, and other rates. Includes entries for Amsterdam, Frankfurt, London, New York, Paris, Tokyo, Zurich, and ECU.

Table with columns for Currency, Bid, Ask, and other rates. Includes entries for Argentina, Austria, Belgium, Canada, Denmark, France, Germany, Greece, Hong Kong, India, Italy, Japan, Korea, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, Taiwan, Thailand, Turkey, U.K., U.S., and West Germany.

Interest Rates

Table with columns for Deposit type, Rate, and other details. Includes entries for 1 month, 3 months, 6 months, 9 months, and 1 year.

Key Money Rates

Table with columns for Instrument, Rate, and other details. Includes entries for Discount rate, Call money, 3-month Treasury bill, and 6-month CD's.

Asian Dollar Deposits

Table with columns for Location, Rate, and other details. Includes entries for Hong Kong, London, New York, and Singapore.

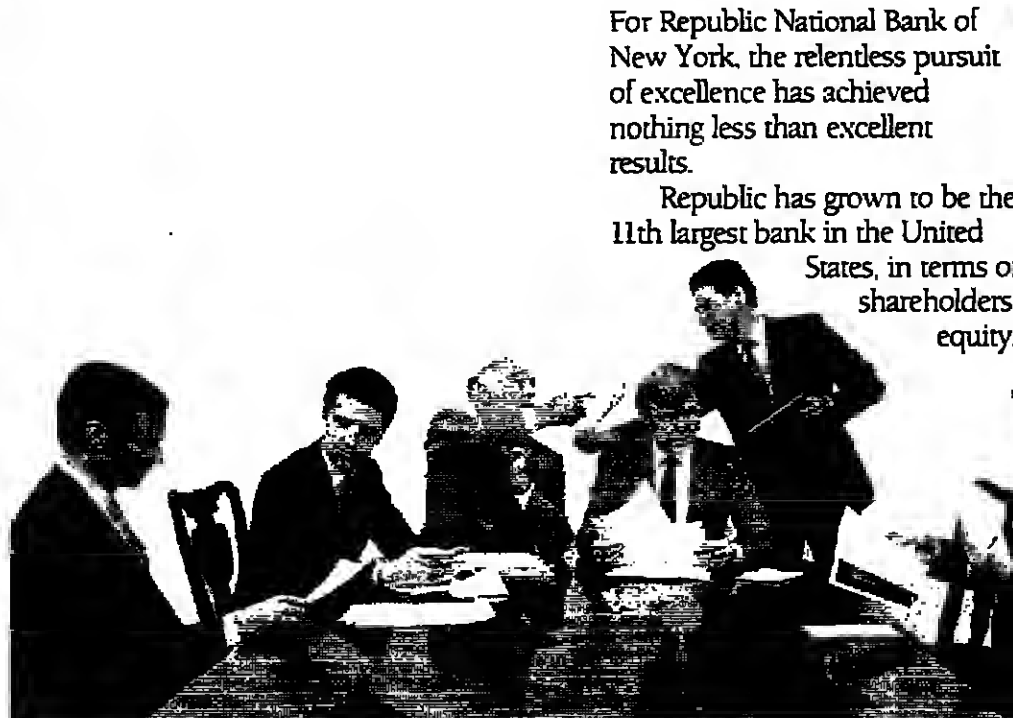
U.S. Money Market Funds

Table with columns for Fund Name, Assets, and other details. Includes entries for Merrill Lynch Ready Assets and Tolerate.

Gold

Table with columns for Location, Price, and other details. Includes entries for Hong Kong, London, New York, and Singapore.

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outgrowth of the strong beliefs of its founder and principal shareholder, Edmond J. Safra. Republic is firmly committed to such sound, traditional banking practices as diversification

and the maintenance of a strong capital base. Republic has grown to be the 11th largest bank in the United States, in terms of shareholders' equity.

The bank has always been highly selective in lending. It emphasizes very conservative activities, investing in safe and liquid assets and using its extensive expertise to trade profitably in precious metals, foreign exchange, bonds and bank notes.

Underlying every aspect of Republic National Bank's pursuit of excellence is a single, fundamental principle: the protection of depositors' funds.

It should come as no surprise, then, that this pursuit of excellence results in considerable advantages to private banking clients, and the application of the very highest standards of excellence to the handling of

your personal finances. Republic's subsidiary in Luxembourg provides private banking clients with the protection of the stringent banking laws of that country, and experienced account officers who speak your language.

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NEW YORK MIAMI LOS ANGELES MONTREAL LONDON PARIS LUXEMBOURG MONTE-CARLO MILAN GIBRALTAR GUERNSEY HONG KONG SINGAPORE TOKYO PANAMA NASSAU BUENOS AIRES SANTIAGO MONTEVIDEO CARACAS SAO PAULO CITY PUNTA DEL ESTE RIO DE JANEIRO SAO PAULO

Table with columns for Assets and Equity. Includes entries for TOTAL ASSETS: US \$ 168 billion and SHAREHOLDERS' EQUITY: US \$ 1.6 billion.



NYSE Most Actives table with columns: Vol., High, Low, Last, Chg.

Market Sales table with columns: NYSE 4 a.m. volume, NYSE prev. close, etc.

NYSE Index table with columns: Vol., High, Low, Last, Chg.

Tuesday's NYSE Closing Via The Associated Press

AMEX Diary table with columns: Class, Prev.

NASDAQ Index table with columns: Class, Prev.

AMEX Most Actives table with columns: Vol., High, Low, Last, Chg.

Dow Jones Bond Averages table with columns: Bonds, Utilities, Industrials

NYSE Diary table with columns: Class, Prev.

Odd-Lot Trading in N.Y. table with columns: Buy, Sell, % of

Dow Jones Averages table with columns: Index, High, Low, Last, Chg.

Standard & Poor's Index table with columns: High, Low, Last, Chg.

NASDAQ Diary table with columns: Class, Prev.

AMEX Stock Index table with columns: High, Low, Last, Chg.

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

NYSE Mixed in Heavy Trading

NEW YORK — The New York Stock Exchange finished mixed Tuesday in heavy trading, after profit-taking erased early gains in the blue-chip sector. The Dow Jones industrial average, which rose 21.38 points on Monday to another record, slipped 10.97 points Tuesday to 2,168.45. Advances led declines about 8-7 among NYSE issues traded. Volume rose to about 190 million shares from 177.36 million on Monday. The American Stock Exchange index, however, set its fifth record in as many days, rising 1.41 points to 305.56. "The market is digesting its gains," said Ralph Acampora, technical analyst at Kidder Peabody & Co. "We're up 300 points since the start of 1987 and the market's leaders, the blue chips, are resting. It's reasonable and healthy to expect the market to pause, and that's what we're doing today." "The market is thrashing around, but it's still got a lot of power," said Dudley Eppel, managing director in charge of listed trading at DLJ Securities. "Buying is coming from all over," he said. "The market is not sinking, under any condition." Traders said investors were focusing on prospects for improved corporate earnings. The U.S. government reported Tuesday that the index of leading economic indicators jumped 2.1 percent in December while U.S. factory orders rose 1.2 percent. Michael Metz, a market strategist at Oppenheimer & Co., said investors are taking the view that "we will get an acceleration in the economy rather than the slump we once expected."

London Market Extends Hours

LONDON — The Stock Exchange said Tuesday that the market floor would remain open for trading until 5 P.M., an extra 90 minutes, effective immediately. Previous closing time was 3:30 P.M. The opening time remains 9 A.M. Market-makers are obliged to quote firm offer and bid prices for major stocks as long as the floor is open.

AMEX Most Actives

AMEX Most Actives table with columns: Vol., High, Low, Last, Chg.

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Advertisement for American European with text: "Who, When, Where" and "The Editor"



BUSINESS ROUNDUP

Siemens World Group Net Edges Up

By Ferdinand Proczman
MUNICH — Siemens AG, West Germany's largest electronics group, said Tuesday that world group net profit was 298 million Deutsche marks in the first three months of fiscal 1987, slightly up from 296 million DM a year earlier.

As of Sept. 30, Siemens had liquidity of 21.9 billion DM, up from 20.5 billion a year earlier.
The liquidity has made Siemens a topic of stock market rumors, particularly in the United States.

While Siemens has expressed an interest in expanding its U.S. operations, it has yet to make a major acquisition.
In fiscal 1986, Siemens spent 177 million DM to buy the electrical relay producer Potter & Brumfield of Princeton, Indiana, and 56 million DM for Pelton & Crane, a leading producer of dental equipment in Charlotte, North Carolina.

Dealer Starts Prior Market In BA Shares

LONDON — A when-issued market in British Airways shares has been started by Cleveland Securities PLC despite its promise not to trade the stock before its issue.
Cleveland said that the minimum trade was 25,000 shares and that it was quoting a buy and sell price of 80 pence (\$1.20) and 85 pence for the 65 pence parly paid shares.

Electrolux Reports 33% Rise In Sales, but None in Profit

STOCKHOLM — AB Electrolux, the Swedish appliance maker that has expanded recently through takeovers in the United States and Italy, reported Tuesday that despite a 33-percent increase in sales last year its earnings were unchanged over 1985.
The group said its preliminary profit was expected to be the same as the Swedish kronor equivalent of \$400 million on sales of \$8.25 billion. The sales figure compared with a 1985 turnover of \$6.17 billion.

PepsiCo Operating Net Up 11% in 4th Quarter

PURCHASE, New York — PepsiCo Inc. reported Tuesday that operating profit rose 11 percent to \$116.6 million, or 44 cents a share, in the fourth quarter of 1986, from \$105 million, or 39 cents a share, a year earlier.
Revenue was \$3.12 billion, up from \$2.91 billion. For the year, the soft drinks and snack food company said, operating profit rose almost 9 percent to \$457.8 million, or \$1.75 a share, from \$420.1 million, or \$1.50. Revenue rose to \$9.29 billion from \$7.65 billion. PepsiCo said it expected all its businesses to contribute to significant growth in earnings per share in 1987.

ETHICS: 'Morality' in Investment

(Continued from first finance page)
money a company devotes to the "creative development" of its workers. It also weighs such factors as how a company uses energy and whether it pollutes, manufactures arms or does business in South Africa. The Calvert Fund also excludes stocks of companies doing business with any repressive government regime as defined by Amnesty International.
The problem, investment managers concede, is where to draw the line. Both Calvert and the Social Investment Forum, for example, say they will continue to exclude stock in International Business Machines Corp. even after the company has finished selling its operations in South Africa. The Third Century Fund, on the other hand, says it will be satisfied by IBM's move.
Calvert and the Forum argue that the U.S. computer giant will continue to hold on to licensing

Diamond Shamrock Posted \$42 Million Loss in Period

DALLAS — Diamond Shamrock Corp. said Tuesday that its fourth-quarter 1986 results had fallen to a loss of \$42.2 million from a profit of \$47.8 million a year before.
The company laid the reversal to lower refining and retail margins and depressed oil and gas prices.
The lower earnings report came a day after the company announced a comprehensive restructuring plan in a bid to fight off an unfriendly takeover attempt by T. Boone Pickens. The plan includes its own tender offer for 20 million common shares, the spinoff of a new public company and executive changes.

Japan Places Computer Hopes on 'Tron'

TOKYO — Hopes of breaking the U.S. stranglehold on markets for computer operating systems and microprocessors are generating industry support in Japan for a project to develop computer designs that would become worldwide standards.
The project, called the real time operating system nucleus, is known as Tron. Its goal is to design computer operating systems and microprocessors to become the building blocks of easy-to-use, highly compatible, superfast computers, according to its founder, Ken Sakamura, a computer "architect."
"Whenever you build a house, you start from the first floor and as the family grows you add on," Mr. Sakamura said.
"But when the family grows to 10, it's better to start over and rebuild," he said. "Computers have arrived at that stage."
Mr. Sakamura said his goal is to get Japan out from under U.S. dominance.
"Until now, Japan has been using technology developed by the United States and Europe," he said. "Now it's time for Japan to develop the computer concept and the technology and let others develop it for business."

Weak Dollar Melts Sales of Swiss Chocolate

BERN — Swiss chocolate makers said Tuesday that the declining value of the U.S. dollar weighed down sales in 1986.
Sales volume edged up 1.7 percent to 84,000 tons last year, the Chocolate Makers Union reported, while the value of sales rose 1.9 percent to 990 million Swiss francs (\$660 million at current rates).
The group said the weak dollar caused a decline in exports to the United States, Canada and Arab oil-producing countries, its traditional major markets.
Exports increased 0.6 percent in volume but dropped 1.1 percent in value. Domestic sales accounted for 72 percent of the total, rising 2.2 percent.
The group, whose members include Nestlé SA, Jacobs Suchard SA and Lindt & Sprüngli Chocoladefabriken AG, said higher exports to Japan, South Korea, Thailand, Brazil and Europe compensated for the drop to sales elsewhere.

Company Results

Table with multiple columns listing company names (e.g., Frazee, Generale Occidentale, United States, Airborne Freight, Amer. Cyanamid, Citicorp, etc.) and their financial results for 1986 and 1985, including revenue, net income, and per share data.

COMPANY NOTES

Allegheny International Inc., based in Pittsburgh, said it had sold the assets of Allegheny International Exercise Co. to Fuqua Industries Inc., based in Atlanta.
Campeau Corp. and Edward J. DeBartolo Corp. said that Campeau had exercised its right to buy for \$200 million a 50-percent interest in Allied Stores Corp.'s five regional shopping centers. Campeau and DeBartolo agreed after Campeau's \$3.4 billion acquisition of Allied last year that Allied would sell the shopping centers to DeBartolo by March 31.
Carolina Freight Corp., based in Cherryville, North Carolina, has forecast an increase in revenue to \$620 million in 1987. For 1986, the company reported revenue of \$591.3 million, up 13 percent from 1985, and profit of \$16.6 million, or \$2.53 a share, up 15.2 percent.
Chubb Corp. will acquire Sovereign Corp., a life insurance holding company, in an exchange of stock, the companies have announced.
City Express, a new Canadian regional carrier, said the Canadian Transport Commission had approved its application to fly between Toronto and Newark, New Jersey. It already had U.S. regulatory approval.

Compugraphic Corp. forecast improvements in revenue and operating profitability in the first half of 1987. For 1986, the supplier of electronic publishing systems reported a loss of \$1.8 million on sales of \$83 million in the second quarter and net income of \$1.2 million on sales of \$86.9 million in the first quarter.
Walt Disney Co. has sold \$300 million in movie limited partnerships, the largest such offering by a film company, the entertainment concern said. Disney began selling the Silver Screen Partners III partnerships last Oct. 22 and attracted 44,000 investors.
Ferments AB, expelled last month from the Stockholm stock exchange, was suspended from the exchange's official list at the company's request. A company spokesman said the suspension had been requested because of questions about the troubled company's financial position raised by an article published Tuesday in a Swedish financial weekly.
Hawker Siddeley Group PLC said it would make a cash tender offer for Clorostat Manufacturing Co. at \$74 a share, equivalent to \$30.8 million. The agreed offer is being made through a U.S. subsidiary of Hawker.
Ingersoll-Rand Co. said it had agreed in principle to a joint venture combining its pulp machinery business with Svenska Cellulosa Aktiebolaget of Sweden and United Paper Mills of Finland.
Phelps Dodge Corp. reported that operating net earnings for the fourth quarter of 1986 increased to \$7.6 million or 16 cents a share, up 50 percent from \$3.8 million or 2 cents a share in the like period of 1985. For all of 1986, the company's operating net income more than doubled to \$41.6 million or \$1.06 a share, from \$18.9 million or 21 cents a share. Revenue dipped to \$845.9 million from \$886.6 million.

MACY: A Classic Leveraged Buyout Called a Success

(Continued from first finance page)
rich rewards. During that time, there may be little chance for advancement, since managers who have invested heavily in the buyout are unlikely to leave.
Leveraged buyouts are also supposed to free a company from Wall Street's constant demands for short-term results. But the enormous debt used to finance a leveraged buyout can be just as difficult to cope with.
Walter K. Levy, who runs his own retail marketing consulting concern, says that in moving from a public to a private corporation, Macy "substituted the pressure from Wall Street for pressure from its lenders."
Mr. Finkelstein financed the transaction by borrowing \$1.5 billion from a group of banks led by Citibank, Manufacturers Hanover and Bankers Trust.
He has now launched a cost-cutting campaign and a push for quick profits that have led some employees to begin referring to him as "Crazy Eddie" — a reference to the electronics discount store whose ads promote an image of frenzied selling activity.
Some Macy executives believe that under the buyout the company changed for the worse, seeking quick profits at the expense of risk-taking in an industry where caution can be fatal.
In conducting the buyout, Mr. Finkelstein sought to make it easy for employees to participate. They were allowed to cash in their Macy stock and invest the proceeds in the equity pool assembled for the buyout.
There were three classes of investors. Division heads contributed about \$200,000 apiece, senior vice presidents about \$75,000 to \$80,000 and vice presidents and merchandise administrators about \$18,000. Altogether, 345 executives

POLYSAR LIMITED



Dr. E. RHODES
Polysar Limited is pleased to announce the appointment of Dr. Edward Rhodes to the position of Vice-President, Technology, effective January 1.
Dr. Rhodes was associated with the University of Waterloo for the past 22 years, most recently as Professor and Chairman of Chemical Engineering. He has published over 100 scientific papers and is co-inventor and author of 22 patents.
Dr. Rhodes was the founding Director of the Waterloo Centre for Process Development, and in 1983 he founded Rhochem Systems Inc., a private research consulting organization in Kitchener. Last year he was appointed Chairman of the Society of Chemical Industry, Canadian Section.
An accomplished musician, Dr. Rhodes led the development of many cultural activities in the Kitchener-Waterloo area and is active in public service.
Polysar is a \$2 billion, Canadian-based international petrochemical company with headquarters in Sarnia, Ontario.

Advertisement for Frankfurter Allgemeine Zeitung, featuring a large image of the newspaper masthead and text describing its circulation and subscription information.







Part Today  
 Less Daily  
 Solid Ideas  
 By David S. Broder

# How to get more out of the Trib



**A brief guide to the International Herald Tribune, the global newspaper, for time-pressured readers.**

## Personal Investing

FOR THE INTERNATIONAL INVESTOR  
 On the second Monday of each month, "Personal Investing" provides an overview of investment opportunities and market conditions worldwide. Edited specifically for the high net-worth individual, this special section provides lively analysis of world investment markets and a wide range of new investment instruments. Each month it presents a fresh and comprehensive report on investment strategies and topics ranging from world stock and bond markets, commodity trading, currencies and real estate to various aspects of personal money management.



## The Front Page



A perceptive reader once called the IHT "an index on the world" — a phrase that was meant to describe the paper as a whole — but is probably more appropriate to our front page.

Because our audience is so far-flung we don't look at the news through any national or political filter. We strive for a truly international perspective — a global context for our global audience.  
 We draw on what is probably the world's most prestigious news-gathering network. In addition to our own reporters in key news centers, we have direct access to the reports of all New York Times and Washington Post bureaus around the world. Plus reports from the Los Angeles Times and the major news services: Associated Press, United Press International, Reuters and Agence France Presse.  
 Nearly 3 million words pour into our newsroom computers every day. A team of 40 professional editors selects, processes and condenses those words down to 3% of the original volume. What the editorial team chooses for page one is the most important news from around the world.

Is the U.S. dollar up or down? Turn to Currency Rates, a daily listing in the Business/Finance section of the Trib.

- William Pfaff and Flora Lewis, writing on French and European affairs.
- Giles Merritt, writing from Brussels on the European Economic Community.
- U.S. President-watcher David Broder.
- Jonathan Power on the Third World.
- Cartoonists Oliphant, MacNelly.
- and a number of other columnists, representing a wide variety of viewpoints from George Will and William Safire to James Reston, Anthony Lewis and Tom Wicker.

## The Business and Finance Section

The Trib's Business & Finance section is now bigger and better than ever. Whatever the subject may be — a basic resource, a major currency, a new product or regulation — the Trib specializes in spotting important new trends and spotlights revealing details.  
 Extensive financial tables include complete daily closing stock prices from the New York Stock Exchange and the American Stock Exchange, plus selected over-the-counter stocks.

FINANCIAL NEWS, ANALYSIS, OVERVIEWS, TRENDS AND LISTINGS

## Special Reports

TO READ AND TO KEEP  
 About 50 times a year, the Trib publishes in-depth reports on countries or topics of particular interest. From the Euro markets to the fashion industry, from Austria to Zambia, the reports are of the highest editorial quality. Which is why many readers keep them on file for future reference.

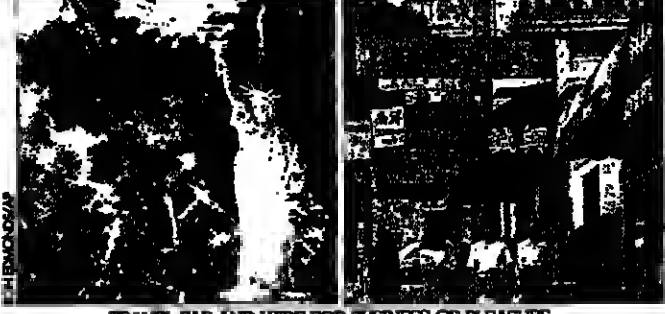
## The Features Page

A CHANGE OF PACE  
 Most Trib readers find that their interests transcend the boundaries of any single culture. As the only newspaper specifically edited for the global citizen, the IHT reflects this international focus in its coverage of the arts and leisure.



FASHION, ARTS, SCIENCE, CULTURE

Every day of the week, the features page is fresh and different. Hebe Dorsey covers fashion — and the people who make it — on Tuesdays.  
 Wednesday brings "The London Stage" with reviews of British theatre.  
 Every Thursday a special "Science" page covers recent discoveries in science and medicine.  
 Friday is the day for the sparkling "Travel" and "Weekend" sections. Special travel columns are designed for the frequent traveler, the gourmet and the discerning shopper. And the arts and culture coverage gives Trib readers special insight on trends and personalities worldwide.



TRAVEL, FAR AND WIDE FOR BUSINESS OR PLEASURE

Saturday's fine arts features are highlighted by Souren Melikian's authoritative coverage of the art markets.

## The Sports Page

The Trib covers all the international sports: tennis, golf, skiing, sailing, motor racing, rugby, soccer. Also the latest stories and scores of American sports.

## The Back Page

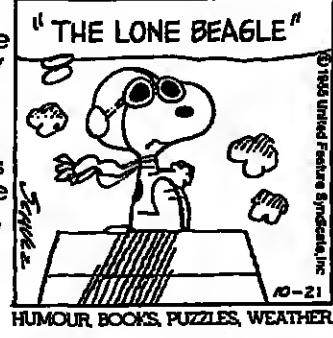
Some readers have admitted that they turn to the back page even before glancing at the front page headlines. Hardly surprising, as this is where three Pulitzer winners alternate: Art Buchwald on Tuesday and Thursday, Russel Baker on Wednesday and Friday, William Safire, writing on Language each Monday.  
 The center-of-the-page feature is selected for its wide appeal and excellent writing. And in the "People" corner, interesting names make irresistible reading, day in, day out.

## The Classified Ads

How many other dailies do you know with classified sections that offer such headings as "Money Management", "Moving", "Tax-Free Shopping", "Air Couriers", and "Precious Stones"? The Trib's classified ads specifically address the needs of an affluent, mobile, international audience.  
 In the more common categories, you may want to note the following publication days:  
 — International Executive Positions each Thursday.  
 — International Real Estate on Fridays.  
 — International Secretarial Positions each Tuesday.  
 — International Teaching Positions on Sundays.  
 — Holidays & Travel on Fridays.  
 — International Education on Saturdays. (For a copy of all ads that appeared in this section last year, request your complimentary copy of the IHT's International Education Guide.)  
 — International Business Opportunities, each Wednesday.  
 — International Art Exhibitions, Auction Sales, Collector's Guide, each Saturday.

## The Comics page

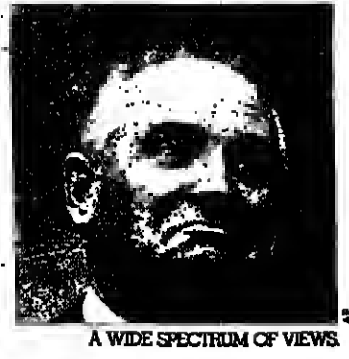
Everyone needs a change of pace — and that's why the Trib's comics page is one of its most popular.  
 You'll enjoy keeping up with the daily exploits of Charlie Brown and the rest of the Peanuts gang, Garfield, Dennis the Menace and all the others.  
 But that's not all. Rounding out the page are the daily and Saturday crossword, the book review, bridge column, chess problem and jumble word puzzle. And if you're uncertain what to pack for your next trip, consult the world weather report.



HUMOUR, BOOKS, PUZZLES, WEATHER

## Who, What, Where, When, Why, How?

We try to be "scannable." Look at the first sentence of a Trib news story and you'll probably find the answer to most or all of those six vital questions. Stories are written "pyramid-style," with the most important facts up front, and others added in order of descending importance — to make sure you get the most information in the shortest reading time.



A WIDE SPECTRUM OF VIEWS

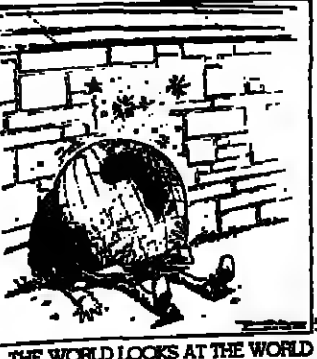
What other tenets of good journalism do we subscribe to?  
 — Fact is strictly separated from opinion. We keep reporting as objective as possible, with judgments attributed to their sources. Opinions are reserved for the editorial pages.  
 — Accuracy and fairness are paramount. Our editors spend a lot of time painstakingly checking facts and insuring that different viewpoints are represented, so you can be sure that what you read in the Trib is as fair and accurate as possible.

## American and European Topics:

REGULAR NEWS FEATURES  
 For those who want to keep up with trends in the U.S., "American Topics" appears each Monday, Wednesday and Saturday, usually on page 3.  
 "European Topics" a similar selection of short, topical items on Europe, appears every Friday.

## The Editorial Pages:

A FORUM FOR WORLD OPINION  
 No Helmut Schmidt, John Kenneth Galbraith, the Dalai Lama and Javier Perez de Cuellar do not work for the International Herald Tribune.  
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 Carefully separated from the news pages, the editorial pages present a wide range of analysis and opinion from many points of view and from every corner of the world.  
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Italy	Lire	350,000	190,000	104,000	1,800 Lire	940	Lire 47%
Luxembourg	L.F.	10,700	5,350	3,200	50 L.F.	29	L.F. 42%
Netherlands	Fl.	634	340	190	3	Fl. 1.75	Fl. 42%
Norway	N.Kr.	1,450	900	500	8 N.Kr.	4.50	N.Kr. 44%
Portugal	Esc.	19,000	10,400	5,700	125 Esc.	52	Esc. 58%
Spain	Ptas.	26,500	14,600	8,000	135 Ptas.	73	Ptas. 46%
Sweden	S.Kr.	1,700	920	520	8 S.Kr.	4.70	S.Kr. 41%
Switzerland	S.F.	470	270	148	2.50 S.F.	1.25	S.F. 44%
Rest of Eur., N. & French Africa, Middle East	\$	400	220	120	Varies by country	\$ 0.89	
Rest Africa, Gulf States, Asia	\$	550	300	165	Varies by country	\$ 1.51	



Tuesday's AMEX Closing

Tables include the nationwide prices as to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

Table with columns: 12 Month High, Low, Stock, Div. Yld. PE, 52 High, 52 Low, One Year Change. Lists various stocks like AIG, AMER, AMEX, etc.

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INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) 3 Feb. 1987

Large table listing various international funds with columns for fund name, share price, and other details.

Floating-Rate Notes

Table listing floating-rate notes with columns for currency, rate, and other details.

Fed Hears Banks' Case For Securities Trading, Opposition by Brokers

WASHINGTON — Bankers, brokers, legislators and regulators clashed Tuesday over whether the Federal Reserve should let banks into the \$500 billion annual securities underwriting business.

AMEX High-Lows

Table listing AMEX high and low prices for various stocks.

Vertical advertisement on the right edge of the page, including 'CURRENCY U.S. Fig', 'THE EUROM', and 'Seize the world'.



CURRENCY MARKETS

U.S. Figures Fail to Boost Dollar

Compiled by Our Staff From Dispatches

NEW YORK — The dollar fell in hectic trading Tuesday despite stronger-than-expected U.S. economic data, and dealers began wincing when, or whether, anyone would step in to stop its slide.

The U.S. currency dipped to as low as 1.7838 Deutsche marks in London and 1.7850 DM in New York, before the December economic figures lifted it a bit.

In New York, the dollar closed at 1.7990 DM, down from 1.8080; at 4.0050 French francs, from 4.0280; at 152.40 yen, from 152.55; and at 1.5190 Swiss francs, from 1.5240.

The British pound rose to \$1.5285 from \$1.5210, while the Canadian dollar rose above 75 U.S. cents for the first time in two years, closing at 75.12 cents compared with 75 cents on Monday.

In London, the dollar slipped to 1.7975 DM from 1.8073 on Monday, and to 152.40 yen from 152.55.

Dealers described the retreat as a reaction to an overly bullish interpretation of the December trade deficit figures released last week. They said that, as a result, the market virtually ignored encouraging U.S. figures on leading indicators, housing sales and new factory orders for manufactured goods.

They said the dollar remains pressured by a feeling that the Reagan administration will let it slip further to help bring the U.S. trade deficit down to manageable levels.

Then, too, the big 2.1-percent gain in the Index of Leading Indicators was skewed by temporary factors that may actually portend a weakened U.S. economy over the next few months, analysts said.

Some dealers believe the dollar is poised to slide to as low as 1.7500 DM in the near term, and that the United States will let it.

"The fact that a G-5 meeting isn't imminent also took a major pop under the dollar," said Earl Johnson, vice president of Chicago's Harris Bank. Although many dealers expect finance ministers of the Group of Five industrial countries to meet late this month to discuss stabilizing currencies, a session apparently has not been planned before that.

Dealers said that comments from the Federal Reserve chairman, Paul A. Volcker, only heightened fears that the administration wants the dollar to continue to drift.

In testimony before Congress, Mr. Volcker said that the U.S. currency had fallen to the point where inflation might soon be rekindled, but he did not specifically say that it had fallen far enough.

"What the market needs right now is a very clear statement from Volcker or [Treasury Secretary James A.] Baker that the dollar is low enough and can now start to rise," said one dealer. "Neither of them has said it yet and no one in the market will go long and buy dollars until that happens."

Dealers said the best hope for the dollar in the next few days could be support by investors during this week's U.S. Treasury auction. The market is watching to see how much interest Japanese investors — important buyers of U.S. bonds — will take in the auction.

In earlier European trading, the dollar was fixed at 1.7935 DM in Frankfurt, down from 1.8182 DM on Monday, and at 5.9845 French francs in Paris, down from 6.0680. In Zurich, the dollar closed at 1.5128 Swiss francs, down from 1.5310.

(Reuters, AP)

London Dollar Rates

Table with columns: Currency, Bid, Ask, Change. Includes Deutsche mark, French franc, Japanese yen, Swiss franc, British pound.

ECONOMY: Leading Index Up

(Continued from Page 1)

less favorable tax rules went into effect on Jan. 1.

These factors, far from being signs of future strength, showed instead that economic growth is likely to dip in early 1987 with the disappearance of the tax incentives for purchases, analysts said.

"Unfortunately, a lot of the increase is temporary," said David Wynn, an economist with Data Resources Inc. of Lexington, Massachusetts. "Tax reform gave us some artificially strong figures at the end of the year."

The White House spokesman, Martin Fitzwater, took a more positive view, calling the report "good news."

In all, 8 of the 11 statistics that make up the leading index showed strength in December.

Other strong performers were manufacturers' orders for consumer goods, changes in prices of raw materials, the size of the money supply, plant and equipment orders, stock prices and the length of the workweek.

Two indicators — a rise in unemployment claims and a decline in net business formation — held back the index. One indicator, length of delivery time on business orders, was unchanged.

Separately, the Commerce Department said that the 4.4-percent rise in new orders for nonmilitary manufactured goods, while positive news, was only enough to leave the 1986 tally for all factory orders at \$2.35 trillion, virtually unchanged from 1985.

New orders for all manufactured goods, including military goods, rose 1.2 percent in January, to a monthly total of \$20.9 billion.

Sales of new single-family homes, meanwhile, rose 12.7 percent in December from November. The Commerce Department also revised upward November's sales to a 1.0-percent rise, from the previously reported 2.2-percent fall.

Home sales in 1986 rose 8.9 percent to 749,000 units, after climbing 7.7 percent in 1985. It was the best year for the U.S. housing industry since 1978, and analysts attributed the surge in sales largely to low interest rates.

(AP, Reuters, UPI)

BUSINESS PEOPLE

Head of Cooper Vision Retires Early

By Arthur Higbee

International Herald Tribune

NEW YORK — CooperVision Inc. has announced that its president, John H. Williford, has taken early retirement at the age of 56.

The New York Times said the news gave rise to rumors of a possible sale of the eye-care company.

Peter Rippenhausen, executive vice president of Cooper International, a subsidiary of CooperVision, was named vice chairman, a newly created position. Martin M. Koffel, president of Cooper Lasersystems Inc. and executive vice president of CooperVision USA, was named president. The two will assume Mr. Williford's duties, the company said.

Mr. Williford joined the company, which is based in Palo Alto, California, in 1978 as vice chairman in charge of corporate strategic planning. He became president in 1982.

But debt mounted from acquisitions made by the company's chairman and chief executive, Parker G. Montgomery, forced CooperVision to sell off its assets to pay down debt.

Mr. Williford's departure comes as the company's stock price has fallen sharply since its peak in 1982. The company's market value is now about \$10 million, down from over \$100 million in 1982.

Last month, CooperVision sold its pharmaceutical business to Johnson & Johnson. In October, it had sold its orthopedics business, Richards Medical Co., to Smith & Nephew Inc.

Mr. Montgomery may be considering selling more parts of the company, some analysts said, pointing out that CooperVision had moved its stockholders' meeting from March to May 14. One analyst said this would provide "time to make arrangements for a sale."

Stockholders at the meeting will be asked to vote on changing the company name to Cooper Cos.

The NATO Industrial Advisory Group, a senior consultative and advisory body of the Brussels-based North Atlantic Treaty Organization, has elected R.A. Fissette, 62, a U.S. Navy fighter pilot in World War II and now vice president of Martin Marietta International in Brussels, as its chairman for a two-year term. He succeeds Leone Murticich of Italy's Selemia SpA electronics group.

International Business Machines Corp., with headquarters in Armonk, New York, has named to its board Thomas Murphy, 61, chairman and chief executive officer of Capital Cities/ABC Inc.

SmithKline Beckman Corp., Philadelphia-based pharmaceuticals company, announced that Robert Dee would retire as chairman on April 22 after 38 years with the company.

Mr. Dee, 62, recommended that Henry Wendt 3d, 53, succeed him while continuing as chief executive officer. The board election was scheduled for April. Mr. Dee was chief executive from 1972 to 1982, when sales grew from \$402 million to \$2.6 billion.

Bell Canada Enterprises Inc. has promoted J.V. Raymond Ctr. 52 to president. He will continue as chairman of its telecommunications subsidiary, Bell Canada.

McDonnell Douglas Corp. of St. Louis, Missouri, has named Alexander Marshall to the new post of "vice president for competition advocacy," with responsibility for maintaining the McDonnell Douglas' division's acquisition of supplies. A spokesman said the title "reflects a concern" with the upsurge of interest in U.S. competitors.

As the division's chief of international marketing for 21 years, Mr. Marshall was involved in the sale of more than 1,700 aircraft to U.S. allies, the company said. He will be replaced as president of international marketing by James P. Caldwell, who switches from managing the company's sales to the U.S. Air Force. Mr. Caldwell will be responsible for foreign sales of McDonnell Douglas's current three fighter planes: the FA-18 Hornet, the F-15 Eagle and the AV-8B Harrier 2.

ITT Names Head Of A New Unit

New York Times Service

NEW YORK — ITT Corp. has named Ralph E. Reins president and chief executive of ITT Automotive Inc., under which it is consolidating its automotive products units worldwide.

Those units have sales of \$2 billion annually. The job will apparently not entail a major change for Mr. Reins, 46, who joined ITT last year as group executive for automotive products around the world.

Mr. Reins was one of five executives named last month to new positions as senior vice presidents to run ITT's core businesses. He joined ITT last year from the aerospace and automotive company Rockwell International Corp.

replaced as president of international marketing by James P. Caldwell, who switches from managing the company's sales to the U.S. Air Force. Mr. Caldwell will be responsible for foreign sales of McDonnell Douglas's current three fighter planes: the FA-18 Hornet, the F-15 Eagle and the AV-8B Harrier 2.

THE EUROMARKETS

Auctions Overshadow Dollar-Straight Trade

LONDON — Dollar-straight Eurobonds were basically steady on Tuesday, dealers said, with operators reluctant to open fresh positions ahead of the U.S. Treasury auctions, the first of which was later in the day.

One trader at a U.S. firm commented: "Nothing much happened this morning. There was a bit of two-way activity first thing in the afternoon after the U.S. leading indicators came out, but the net result today is no change."

The December index of leading economic indicators showed a rise of 2.1 percent, above most market estimates of a 1.7 percent gain.

Another trader noted that activity in the secondary market was not liable to pick up until the Treasury

Chain Co. and an \$85 million issue for Kyotaru Co. Both issues have indicated coupons of 3/4 percent. They each ended slightly above their par issue price.

The lead manager, Daiwa Europe, cut the coupon on the equity warrant bond for Itohan & Co. and increased the issue size to \$100 million from \$80 million. The coupon was reduced to 3/4 percent from the indicated 3/4 percent.

In the yen market, Elekredit de France issued a 20 billion yen bond paying 5 1/2 percent over seven years and priced at 101 1/2 percent. The issue was jointly lead-managed by Nippon Credit International and Nomura International Ltd. It ended on the secondary market at a discount of 1.40 percent compared with total face of 1 1/2 percent.

The two new issues were a \$50 million bond for Tokyu Store

anctions were completed. The result of the 30-year auction — to be held Thursday — is of particular interest to the Eurobond market, which will be watching for signs of the extent of foreign participation.

In connection with Tuesday's auction of three-year notes, Salomon Brothers International issued 300,000 warrants priced at \$7 each and entitling the investors to purchase \$1,000 face amount of the three-year note at the average auction price plus 1/4 percent. The warrants have a one-year life.

Two further equity warrant Eurobonds were launched — both led by Nomura International Ltd. — while an older issue was increased and assigned a reduced coupon.

The two new issues were a \$50 million bond for Tokyu Store

COMMODITIES

Coffee Organization Agrees to Meet on Quotas Feb. 23

Agence France-Press

LONDON — The 50 producing and 25 consuming member-countries of the International Coffee Organization will meet in London this month in an attempt to negotiate the return of export quotas and stabilize the world market.

The decision to call a full council session was made Tuesday by the organization's 16-member executive board.

It acted nearly a year after export quotas were suspended as a result of soaring prices after drought depleted the crop in Brazil, the world's biggest producer and exporter.

Producers, which include Latin American, African and Asian growers, and consumers, including the European Community nations and the United States, decided to hold the full council meeting on Feb. 23, Reuters reported from London.

Some consumer delegates felt it would be impossible to reintroduce the export quota system by March 1, as producers would like.

On Monday, producers presented consumers with a proposal to reimpose export quotas, based on 58 million bags in the 12 months starting March 1. Each bag equals 60 kilograms (132 pounds).

The 58 million bags would be distributed initially according to individual percentage shares held by producers before quotas were suspended.

Under that system, Brazil held a 30-percent share, which it fiercely defends despite the drought damage to its 1986 crop.

But the producer proposal contained an adjustment through the redistribution to other producers of 1.22 million bags of the global quota following shortfall declarations by Brazil (one million bags), the Organization of African and Malagasy Coffee Producers (200,000 bags) and Angola (20,000 bags).

Jamaica, Nicaragua, Ethiopia and El Salvador indicated that they did not wish to participate in the redistribution of the shortfall.

Consumer delegates said they hoped to meet before the council session to formulate a counterproposal. They warned that "if producers stick to their current proposal, we will reject it," because it is based on an unchanged distribution of quotas by percentage.

Consumers have repeatedly opposed the percentage shares in force until last February, arguing that they do not reflect the pattern of demand.

Producers had hoped to placate consumers by redistributing the 1.22-million bag shortfall "according to the true availability of coffee" in producing countries and not according to traditional percentage shares in the global quota.

In an additional departure from the usual application of the agreement, the smaller producing members — those who export fewer than 400,000 bags a year — had also been included in the shortfall redistribution.

Tuesday's OTC Prices. MASDAQ prices as of 4 p.m. New York time. Via The Associated Press.

Table of OTC prices for various stocks including ADC, ASK, AXP, etc.

Table of 12 Month High Low Stock prices for various companies.

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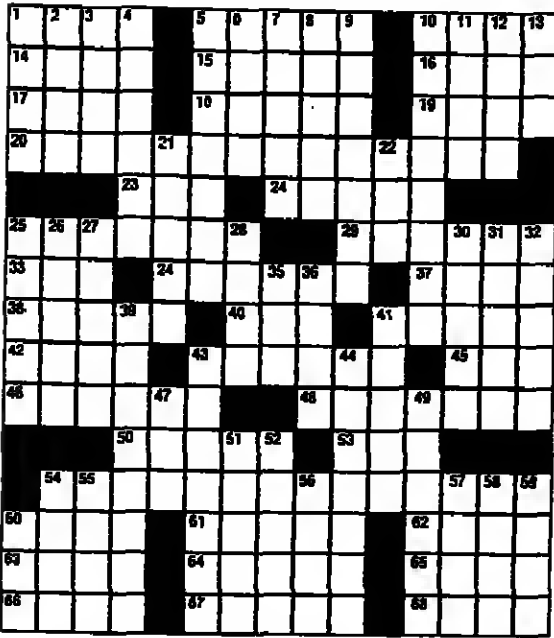
Table of 12 Month High Low Stock prices for various companies.

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Table of 12 Month High Low Stock prices for various companies.

Notes: Figures are unaudited. Yearly highs and lows reflect the previous 52 weeks only. The current week, but not the current day, is included in the calculation. High and low range begins with the start of trading. Dividend dates are based on the most recent data available. Dividends are shown as a percentage of the current price. Dividends are shown as a percentage of the current price. Dividends are shown as a percentage of the current price.





**ACROSS**

1 Bad Ems and Evian  
5 it (on the carpet)  
10 Skiffful  
14 Fastener  
15 Snow, to Pierre  
16 Ship's prison  
17 Can. province  
18 Siegfried's slayer  
19 Custor's last major  
20 Start of a rhyme by E. C. Bentley  
23 Sun. lecture  
24 Peter and Nicholas  
25 Offenbach heroine and namesakes  
29 "... now speak..."  
33 Three... match  
34 Bars at the bar  
37 Byron poem  
38 Rhyme: Part II  
40 Celtic sea god  
41 Rhyme: Part I  
42 Spanish linen fabric  
43 Knobbed  
45 Suffix with differ  
46 Ike's second Sec. of State  
48 Music of the

**DOWN**

1 Catch a fly  
2 Enclosure  
3 Anent  
4 Scant  
5 Belongs  
6 Far from slovenly  
7 Bout  
8 Curved moldings  
9 Certain cars or cottages  
10 Like some porcupines  
11 Rabbit or Fox  
12 Swedish soprano  
13 Psychiatrist's concern  
21 Citizen (French diplomat)  
22 Ocho's dom.  
25 Moonshine  
26 Habituate  
27 Light beer  
28 Norman town of W.W. II  
30 Actress June from Rock Island  
31 A Forsyte  
32 Emporium's 35 Atop, to Keats  
36 Lakers or Lions  
39 Tomahawks  
41 Indian Prime Minister: 1947-64  
43 Emulates Gulliver  
44 Typewriter parts  
47 Guido's high note  
49 Bewitched  
51 Prussian victory site: 1870  
52 Diplomat's asset  
54 Freud's "Totem und..."  
55 Harbinger  
56 England's Hills  
57 Like Ben Jonson  
58 Goddess of discord  
59 Reed wire diplomat  
60 Race unit

© New York Times, edited by Eugene Malachuk

PEANUTS



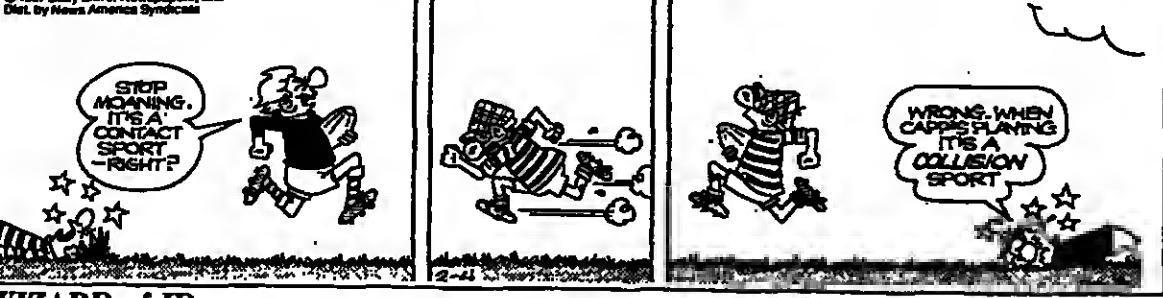
BLONDIE



BEETLE BAILEY



ANDY CAPP



WIZARD of ID



DENNIS THE MENACE



JUMBLE

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

TROOB  
YIRAH  
POSHIN  
GLOUEY

Answers: WHETHER THEY

Yesterday's Jumble: SHINY VALET QUEASY CAMPUS  
Answer: What do you get plenty of when King Kong walks through your vegetable garden? — SQUASH.

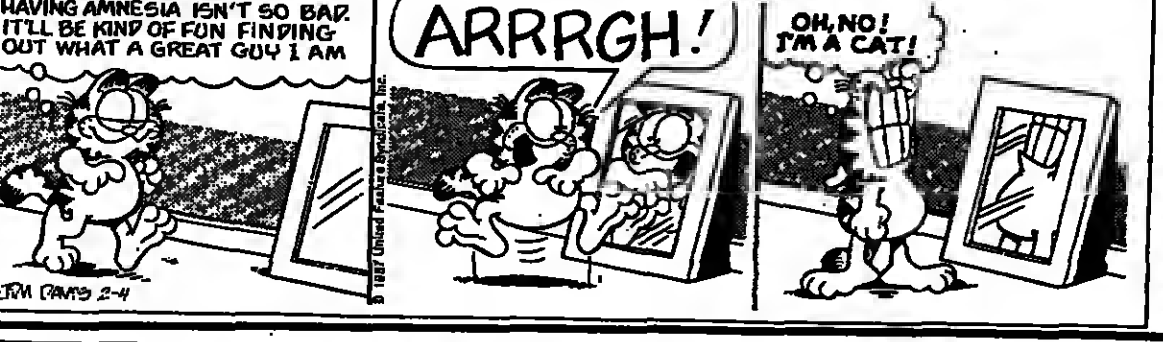
WEATHER

EUROPE			ASIA		
Area	High	Low	Area	High	Low
Algeria	11	7	Beijing	11	4
Amsterdam	11	7	Bombay	28	22
Antwerp	11	7	Hong Kong	21	15
Barcelona	11	7	London	11	7
Berlin	11	7	Manila	28	22
Birmingham	11	7	Osaka	18	12
Boston	11	7	Seoul	11	7
Buenos Aires	11	7	Singapore	28	22
Calcutta	11	7	Taipei	11	7
Cardiff	11	7	Tokyo	11	7
Chicago	11	7			
Cincinnati	11	7			
Cleveland	11	7			
Columbus	11	7			
Dallas	11	7			
Detroit	11	7			
Denver	11	7			
London	11	7			
Los Angeles	11	7			
Madrid	11	7			
Miami	11	7			
Minneapolis	11	7			
Montreal	11	7			
New York	11	7			
Oakland	11	7			
Philadelphia	11	7			
Pittsburgh	11	7			
Portland	11	7			
San Francisco	11	7			
Seattle	11	7			
St. Louis	11	7			
Washington	11	7			
Winnipeg	11	7			

REX MORGAN



GARFIELD



BOOKS

AMERICAN HIGH: The Years of Confidence 1945-1960

By William L. O'Neill. 321 pages. Illustrated. \$19.95. The Free Press, 866 Third Avenue, New York, N. Y. 10022.

Reviewed by Walter Goodman

POSTWAR America was a rich hunting ground for social critics. Everywhere they turned, there was something to shoot down. They took particular aim at conformity, peeping such weak sisters as the Organization Man and the Other-Directed Type. They told Americans that their cars were too big, their roads too disruptive, their homes an offense against good taste and their suburbs dull, dull, dull.

Much of the criticism was well taken and some of it even bears rereading, but historical revisionism has been seeping in here as elsewhere. In the aftermath of Vietnam and Watergate, the late 1940s and the 1950s have assumed a kindly glow. In "American High," William O'Neill calls the period from 1945 to 1960 "our time of greatest confidence."

Although it touches many bases, from religion to rock 'n' roll (though not sports), "American High" is highly political. As demonstrated in his other books, particularly, "A Better World—the Great Schism: Stalinism and the American Intellectuals," O'Neill, who teaches history at Rutgers University, is a Cold War liberal. In his view, the Cold War was inevitable, guaranteed by "the Stalination of Eastern Europe," and he admires Truman for his tough stand against Soviet ambitions. Although he criticizes the way the Korean War was fought by General Douglas MacArthur, he is heartily in favor of United States' intervention on the ground that "Korea was the first instance since the end of World War II when a Communist state attempted to expand through conquest."

Solution to Previous Puzzle

SLAG FLATS APIS  
WIPE ROSIE WONT  
ADEN OCTET LOOE  
GEXERSHORTS OIE  
VAT SECULAR  
VOCATION EASE  
ASH SEDAN RECAP  
SLOE REDDIO OUPE  
TOWNS SINWETIE  
HOES REPRISAL  
CLOSETS LIN  
AAU PAGESETERS  
PUNT GOROTKIE  
EDDO KNIFE NEVA  
REST SECTS EDEN

AMERICAN HIGH: The Years of Confidence 1945-1960

... bashing as the "sordid" Hollywood blacking. In both his credits and his criticisms, O'Neill proves a fairly mainstream chronicler. What rouses his most spirited writing is the postwar burst of energy that sent millions of veterans to school and then into new jobs. While noting the darker side of the decade—"Sexism was ignored, racism underplayed and poverty obscured by the general preoccupation with abundance"—he adds, in typical extension, "This can be excused to some extent by the fact that no society, however rich, can attend to everything at once."

By its nature, this book, based mainly on the research of others, has a once-over-lightly feeling. Nonetheless, "American High" should send readers of a certain age to musing fondly over what it was about the postwar decade that made it the best years of so many American lives.

Walter Goodman is on the staff of The New York Times.

BEST SELLERS

The New York Times

This list is based on reports from more than 2,000 bookstores throughout the United States. Weeks on list are not necessarily consecutive.

Rank	Title	Author	Weeks on List
1	THE EYES OF THE DRAGON	by Stephen King	1
2	RED STORM RISING	by Tom Clancy	1
3	IT	by Stephen King	2
4	THE NIGHTS OF BRONX	by Elmer Leonard	2
5	THE NIGHT OF THE FOX	by Jack Higgins	2
6	THE BURNING OF THE FISH	by Peter Carey	2
7	FLIGHT OF THE INTRUDER	by Stephen Coonts	2
8	A TASTE FOR DEATH	by F.D. James	2
9	THE BURNING OF THE FISH	by Peter Carey	2
10	HOLLYWOOD HUSBANDS	by Jackie Collins	2
11	THE PANIC OF '99	by Paul Graham	2
12	THE COUNTERLIFE	by Philip Roth	2
13	PERFUME	by Patrick Skaife	2
14	ROGERS VERSION	by John Updike	2

BRIDGE

By Alan Truscott

BOB Goldwater of Hartsdale, New York, recently ended a two-year term as president of the Westchester (New York) Contract Bridge Association, and went out in style: at the association's life master party last month he won with a 72 percent score in spite of having to find a last-minute substitute partner. On the disgraced deal, a lumpy West player tried to penalize Goldwater in two spades and would have vindicated his double if he had led one of his higher trumps and persevered in that vein. The heart queen was led,

however, and East took the ace and continued the suit. South won with the king, cashed the diamond ace and led another diamond. He ruffed the next heart lead, ruffed a diamond and led the club jack. East covered with the queen, usually a mistake when an honor sequence is led, and saved South's difficult guess. When he covered with the king, West took the ace and returned the suit. West was now reduced to his five trumps, so he had to ruff the next club lead and lead away from his trump queen to give Goldwater his contract.

**World Stock Markets**  
Via Agence France-Presse Feb. 3  
Closing prices in local currencies unless otherwise indicated.

Market	Index	Change
Amsterdam	394.58	+1.12
Buenos Aires	100.00	+0.10
London	2712.50	+10.00
Paris	1112.00	+5.00
Tokyo	175.00	+1.00

**World Stock Markets (Continued)**

Market	Index	Change
Frankfurt	482.50	+1.00
Hong Kong	212.00	+1.00
Manila	125.00	+1.00
San Francisco	125.00	+1.00
Singapore	125.00	+1.00
Stockholm	125.00	+1.00
Sydney	125.00	+1.00
Taipei	125.00	+1.00
Winnipeg	125.00	+1.00

**TO OUR READERS**  
Sydney stock market quotations are missing in this edition because of problems at the source.

**BUSINESS PROFILE**  
IN THE HUNT EVERY SATURDAY.  
INDIVIDUAL CASE HISTORIES OF SUCCESS AND FAILURE—  
WORLDWIDE



SPORTS

2 Stars Display Superb Timing

LONDON — Star quality is the order of modern soccer. Why, in a game designed for team effort, should the same individuals rise above all others to distinguish themselves in the most important moments?

Last weekend, the Italian and Spanish Cup championships were taken closer to Naples and Barcelona, respectively, by the singular brilliance of two familiar showmen. Diego Maradona, hounded by his customary tales of physical and mental turbulence, returned from an unseasoned trip to Tokyo, scored twice for Napoli on the road against Udinese and took his adopted club one major step closer to its first-ever Italian title.

ROB HUGHES

Business as usual for the undisputed genius of his sport. But, as if this were Maradona in high summer instead of Europe in winter, Maradona's headlines were challenged across Europe by a quiet Englishman abroad. Maradona scores two, Gary Lineker nails three. No comparison, of course, in style or approach. The Argentine is a creature of melodrama, his goals either artistic or dubious (the first on Sunday came from a disputed penalty). The Englishman is swift, silent, predatory; like the Scarlet Pimpernel, he is here and then gone, leaving only the sting behind.

Designer Lexcen Looking On in Pain

By Angus Phillips
FREMANTLE, Australia — The man who helped win the America's Cup for Australia is having a hard time watching its demise. Ben Lexcen, the madcap designer who hatched the idea for Australia II's winged keel, which turned the yacht racing world upside down in 1983, has looked on in pain as Kookaburra III lost three straight races to Stars & Stripes.

Death Threat Made Against U.S. Skipper

By Rob Hughes
FREMANTLE, Australia — A television station in Melbourne received a call Tuesday morning from an anonymous man who threatened to shoot America's Cup skipper Dennis Connor.

The man, believed to be an Australian in his early 20s, telephoned the studios of Channel 10 at 2:40 A.M. and told the security guard who answered that Connor, the helmsman of Stars & Stripes, would be shot rather than be allowed to remove the America's Cup from Australia.

College Top-20 Ratings

Table with 3 columns: Rank, Team, Points. Includes teams like Michigan, Duke, Stanford, etc.

NHL Clarifies Quinn Penalty

United Press International
NEW YORK — The National Hockey League said Tuesday that former Los Angeles King Coach Pat Quinn had been barred from coaching only at Vancouver for three years, not banned from coaching elsewhere in the league.



Gary Lineker, who scored three goals in Barcelona's victory, eluding two Real Madrid defenders.

Sending the doc on a wild goose chase to Tokyo may not prevent the boy wonder from playing for the benefit of starving children, but it applies a little pressure to do something special for his people — the ones back in Naples — on his return.

But Lineker remains harder to fathom. He, too, was injured before Saturday's crucial game. I would not be the least surprised to hear that he received a few shots of Novocain, the play-now-pay-later painkiller which, at his level, is an insidious part of the package.

U.S. College Results

Table with 2 columns: Division, Results. Lists various college sports and their outcomes.

World Championships

(Laf. Crans-Montana, Switzerland)
WOMEN'S SUPER-GIANT SLALOM
1. America (Soviet), Switzerland, 1:19.17
2. Michelle Pfluger, Switzerland, 1:20.18
3. Mariela Suter, Yugoslavia, 1:20.23

Super-Giant Victory Gives Walliser 2d Gold Medal

Compiled by Our Staff From Dispatches
CRANS-MONTANA, Switzerland — Maria Walliser combined power and speed to beat Swiss teammate Michela Figini and become the first double-gold medal winner of the world Alpine ski championships by winning the women's super-giant slalom here Tuesday.

The victory gave Switzerland five titles in the competition's first six events, tying the record set by Austria in Chamonix, France, in 1962 (when there were only six titles at stake). Only the men's combined victory of Luxembourg's Marc Girardelli has broken the home-team grip here; with four races remaining, the Swiss seem certain to break the 25-year-old record.

Walliser, who also finished one-two with Figini in Sunday's downhill, was fourth out of the gate and set an unbeatable time of 1 minute, 19.17 seconds through the 39 gates of the 0.9-mile (1.44-kilometer) Chetzeron course.

Figini won her second silver medal in 1:20.18, and Yugoslavia's Marijeta Svet (1:20.23) took the bronze to prevent the second Swiss medals sweep of the competition. Swiss men finished one-two-three in Saturday's downhill.

Scoreboard

Scoreboard section containing Basketball, National Hockey League Leaders, and Hockey tables.

Transition

BASEBALL
American League
BOSTON—Brock Gruber, Mitch Johnson, Drew Curry and Justin Horowitz pitched, and Marc Sullivan, catcher, to one-run victories.

Escorts & Guides

Table listing various escort and guide services with contact information.

International Classified

Table listing international classified services such as Mayfair Club, Caprice-NY, etc.

Escorts & Guides

Table listing various escort and guide services with contact information.

Pages 18 & 4 for more Classifieds

Vertical text on the right edge of the page, possibly a page number or margin note.



